ST. JOHN’S SCHOOL

GIFT ACCEPTANCE POLICIES, PROCEDURES AND GUIDELINES

APPROVED BY THE BOARD OF TRUSTEES OF ST. JOHN’S SCHOOL

DECEMBER 8, 2014
I. INTRODUCTION AND BACKGROUND

St. John’s School (the “School”), a Texas non-profit corporation, encourages the solicitation and acceptance of gifts to the School for purposes that will help the School further and fulfill its mission. The following policies, procedures and guidelines (“Policies”) govern the acceptance of gifts made to the School or for the benefit of any of its programs.

II. GENERAL PHILOSOPHY AND CONCEPTS

A. Philosophy. These Policies are intended to serve as a guideline delineating the types of gifts the School may accept and under what conditions. The School’s Gift Acceptance Committee (the “GAC”) may make exceptions to these Policies. The task of all School personnel or representatives shall be to inform, serve, guide, or otherwise assist donors in fulfilling their philanthropic wishes, but never under any circumstances to pressure or unduly persuade.

B. Goal. These Policies need to be clear and understandable to the School’s administration, to representatives of the School who may be involved in the acceptance of gifts, to outside advisors who may assist in the gift planning process, and to prospective donors who may wish to make gifts to the School.

C. Implementation and Administration. The day-to-day administration of these Policies will be managed by a specifically designated Gift Acceptance Committee (the “GAC”), consisting of the School’s Headmaster, the School’s Director of Advancement, the School’s Director of Finance and Operations, and at least three members of the School’s Board of Trustees (the “Board”), as appointed by the Board. Such Trustees shall represent the School’s Advancement, Finance and Investment Committees. The Board also reserves the right to appoint additional members of the GAC at its discretion. The intent is that Trustees will serve staggered terms to preserve continuity of committee deliberations over time. The GAC shall review and recommend action with respect to contemplated gifts which do not conform to these Policies, including, where appropriate, seeking Board approval for the proposed action regarding such gifts.

D. Communication and Cooperation. Effective communication is essential for the successful implementation and use of these Policies. Communication should be coordinated, clear, and continual between and among the School’s Administration and Staff, various Board committees, volunteers and potential, existing and previous donors. These Policies should be distributed to volunteers and potential donors (as requested) to insure constant and consistent exchange of current information between and among the involved persons.

E. Determination of Desired Gifts. All fundraising activity conducted on behalf of or in the name of the School must be approved by the School’s Headmaster and Director of Advancement and coordinated through the School’s Office of Advancement. Prior to approaching donors, volunteers should understand the School’s needs, as well as the background and areas of interest/concern to the donor.
F. **Use of Legal Counsel.** The School shall seek the advice of legal counsel in matters related to acceptance of gifts when appropriate.

G. **Recognition of Gifts.** Gifts should be recognized in a manner consistent with the School’s name recognition policy taking into consideration the donor’s wishes. No recognition program or public announcement shall be made without obtaining the written approval of the donor (or donor’s family, where appropriate).

H. **Anonymity.** Careful provision will be made for honoring the wishes of anyone who may desire to contribute to the School and remain anonymous.

I. **Conflicts of Interest.** The School is committed to maintaining the highest level of public confidence in its accountability. Gifts made by persons who are subject to the School’s Conflict of Interest Policy must be in accordance therewith.

J. **Date and Timing of Gifts.** Outright, unconditional gifts should be recognized as received at such time as the gift is irrevocably delivered to or comes under the School’s direct control. Deferred gifts should be recognized as received only when (i) such gifts are transferred, or (ii) in cases where no gift is transferred, a legally binding written deferred gift agreement or pledge is consummated with the School. Except for annual fund pledges and bequest intentions, the School does not recognize oral pledges. In the case of bequest intentions, the School will recognize oral statements that bequest plans have been made and will encourage, but not require, the donors to provide written confirmation of those plans.

K. **Acknowledgment of Gifts.** Donors should be properly acknowledged and thanked for their generosity as soon as reasonably possible. In addition, the GAC shall ensure that the School complies with Internal Revenue Service (“IRS”) requirements concerning the acknowledgment of gifts made by donors. Further, the GAC shall ensure that an authorized representative of the School acknowledges a donor’s IRS Form 8283, Noncash Charitable Contributions, if such donor submits such Form 8283 to the School.

L. **Right to Decline Gift.** The School reserves the right to decline any gift.

M. **Right to Redirect Gift.** Should the fulfillment of the purpose of a gift become obsolete, inappropriate, or impractical as determined by the Board, the School reserves the right to consult with the donor to redirect a restricted gift to be used for the purpose most in keeping with the donor’s original interests and intent.

N. **Assisting Donors with Planning.**

1. Major donors should obtain their own expert assistance in planning and making a gift to the School. The School’s role is to offer general information for the donor to consider in making a gift.

2. Donors need to obtain specific advice from their own legal, tax and investment advisor(s). The School should encourage donors to seek such advice.
3. Any gift illustrations or economic modeling of gifts prepared by the School should be general and informational only, and donors should strongly be urged to consult with their attorneys and/or financial advisors in any and all aspects of the contemplated gift.

4. Donors should be advised during the solicitation period that the donor will pay related transaction costs, including but not limited to costs of securing appraisals (where required), as well as the cost of the donor’s advisor(s).

5. Donors should also be advised that the School will respect all requests for confidentiality and that information about the donor’s financial status, plans or assets will be held in confidence and used only for the purposes of fulfilling logistical requirements of the gift transaction and legal requirements as determined by the School.

III. GENERAL GUIDELINES AND POLICIES WITH RESPECT TO TYPES OF GIFTS

A. Review Process.

1. The following gifts may be accepted directly by the School (“Pre-Approved Gifts”):

a. Outright Gifts of (i) cash or marketable securities of any value from a member of the St. John’s Community; and (ii) tangible or intangible gifts valued at less than fifty thousand dollars ($50,000). For purposes of determining whether a gift is a Pre-Approved Gift, a member of the “St. John’s Community” shall include the following: (i) alumni of the School; (ii) spouses of alumni of the School; (iii) relatives of current students and alumni of the School; (iv) current and former members of the Board; (v) spouses of current and former members of the Board; (vi) current and former faculty and staff of the School; (vii) founders of the School; (viii) philanthropic organizations and trusts; and (ix) prior donors to the School.

b. Deferred Gifts of (i) realized bequests; (ii) a remainder interest in a charitable unitrust; (iii) charitable gift annuities funded with cash or appreciated marketable securities; (iv) life insurance policies (that name the School as owner and beneficiary and do not require any additional premiums to keep in force); and (v) qualified retirement plans.

c. Gifts identified on the “Restricted Gift Wish List” compiled annually by the School’s Director of Advancement in conjunction with the School’s Headmaster, Division and Department heads, which list has been approved by the Board at one of its three (3) meetings held each fall.

2. All other contemplated gifts will be reviewed first by the Director of Advancement and the Director of Finance and Operations (the “Senior Staff”). Where appropriate, the Senior Staff will secure input from legal counsel and may, if they have questions about a contemplated gift within their authority to accept or reject, take any proposal to the GAC. The Senior Staff will then make a recommendation to accept or reject
the contemplated gift and then refer it to the GAC for a decision. Depending on the nature of the gift, the GAC will then (i) accept the gift; (ii) reject the gift; or (iii) make a recommendation to the Board that the gift be accepted (with or without conditions) or rejected. The GAC may, if it has any questions about a contemplated gift within its authority to accept or reject, take any proposal to the Board for a final decision.

3. Notwithstanding anything in these Policies to the contrary, the following types of gifts will be referred to the Board (with, if appropriate, review of counsel) for a final decision after being reviewed and fully vetted by both the Senior Staff and the GAC:

   a. A contemplated gift of one million dollars ($1,000,000) or more that is not a Pre-Approved Gift;

   b. A contemplated gift that is subject to indebtedness for which the School would have to assume a general obligation;

   c. A contemplated gift that passes pre-existing liabilities to the School;

   d. A contemplated gift that generates Unrelated Business Taxable Income;

   e. A contemplated gift that may be controversial in nature.

B. Unacceptable Gifts. The School should not accept any gift which is subject to a known adversarial legal proceeding, claim or challenge, a serious known environmental problem, is inconsistent with the mission of the School, or obligates the school to any action, inaction or burden which the Board deems inappropriate or unacceptable. Under most conditions, the School will not accept gifts (i) subject to indebtedness for which the School would have to assume a general obligation or otherwise be liable; (ii) that pass pre-existing liabilities to the School; (iii) that generate Unrelated Business Taxable Income; or (iv) that improperly inures to the benefit of any individual or in a manner that would jeopardize the School’s tax-exempt status.

C. Gifts During Pendency of Admission. Notwithstanding anything in these Policies to the contrary, gifts to the School from any person who is not a member of the St. John’s Community but who is related to an applicant-for-admission into the School will not be considered until written notification of the results of such application are released to the applicant’s family. In addition, the School will not consider gifts of an unusual size from a member of the St. John’s Community (as such term is defined above) when such member is related to one (1) or more children in the application process and/or on the wait list until written notification of the results of such application or wait list determination are released to the applicant’s family. A gift is of “unusual size” if the value of such gift substantially exceeds the value of any gift made by such donor in previous years, as determined by the GAC.

D. Commitments and Letters of Intent. Gifts intended to be made over several years should be evidenced in writing, together with a written timetable acknowledging how and when the donor intends to make the gift. Such multi-year commitments are customarily
realized over a period of five (5) years or less.

E. **No Active Administration.** The School shall not serve as trustee of any type of trust or take a role in the operation and management of any contributed gift. Exceptions will occur only in cases in which taking on such a responsibility will be in the School’s best interests, as determined by and with the explicit approval of the Board.

F. **Accepting Less than Entire Interest.** The School should not accept any contemplated gift which is owned in undivided ownership interests without a clear method of disposition for such gift, such as a partition agreement or other legal document to facilitate conversion of the gift to cash.

G. **Acceptance of Gifts with Potential Future Liability.** In accepting any closely-held corporation stock, partnership interest, or oil and gas or other property, the School should not be subject to any cash calls (or other on-going obligations not met by the gift itself including, without limitation, real estate taxes) or disposition restrictions. At the donor’s expense, the School should obtain a knowledgeable, third-party evaluation of future risk when contemplating receipt of such a gift.

H. **No Adverse Tax Consequences.** The acceptance of a gift should not result in any adverse tax consequence to the School.

I. **No Controversial Gifts.** The School should not accept any gift which is controversial or which it knows or has reason to believe (as determined by the Board) would reflect negatively on the School.

IV. GIFT VALUATIONS

In soliciting and/or receiving a gift, it is important that the volunteer and the potential donor be aware of the following valuation standards which the School will apply in its acceptance of gifts:

A. **Appraisals.** All gifts must be accompanied by an appraisal if required by and in accordance with IRS requirements.

1. The appraisal should be provided by a qualified independent appraiser that is (i) approved by the School; (ii) not associated with either the donor or the School or any of its employees; and (iii) in the case of the gift of real property, an MAI designated member (an “Approved Appraiser”).

2. The appraisal must be done no more than sixty (60) days prior to the transfer of the property or, if done after the transfer, before the donor files a tax return for the year in which the transfer occurred. In either case, the appraised value should reflect the value as of the date of transfer, not the value as of the date of the appraisal itself.

3. All costs of obtaining an appraisal are to be paid by the donor.

B. **Cash.** The valuation is the amount of the gift.
C. Publicly Traded Securities. The School will give donors credit for the value of the securities on the date the securities leave control of the donor and become the School’s property. That means the date on which securities are directly transferred to the School or deposited in an account controlled and owned by the School, not the date on which the donor instructs his or her broker to transfer the securities. The value of the securities traded on an open exchange shall be the average of the high and low value on the date of transfer or, if no trading of the security occurred on that date, on the next earliest day in which the security was so traded. If the security trades on more than one such exchange, the value shall be determined by the average of the high and low on that exchange on which the largest number of units of such security was traded that day.

D. Privately Held Securities. Gifts of closely-held corporate stock will be valued by an Approved Appraiser at the time of receipt.

E. Real Property. Real property gifts will be reported based on the appraised value as determined by an Approved Appraiser at the time of transfer, as defined by the date of the recordation of the deed of transfer.

F. Life Insurance. Life insurance gifts will be valued at their interpolated terminal reserve value, or cash surrender value, as of the date of receipt.

G. Gifts In Kind; Tangible Personal Property. These are gifts other than cash, marketable or privately held securities or real property or mineral interests. Gifts of art, collections, and other tangible personal property will be determined by an appraisal from an Approved Appraiser. Gifts in kind of an indeterminate value will be recorded at one dollar ($1.00) and acknowledged as received with no value stated. Written documentation of transfer of ownership, rather than the physical transfer alone, will determine the date on which official transfer occurs.

H. Oil and Gas Property. Any oil and gas property gift will be valued on the basis of an appraisal made by an Approved Appraiser at the time of transfer.

I. Service Gifts. Gifts of “in-kind” services (i.e., professional services such as accounting, architectural, medical or legal, etc., for which the School would otherwise have had to pay a professional fee) will be recognized at the level the gift relieves the School of actual expenses, as determined by the Senior Staff and, if more than fifty thousand dollars ($50,000), the GAC. It is incumbent on the School to inform the donor that he or she does not receive a tax deduction for a gift of services.

V. GIFT DISPOSITION

A. Conversion to Cash. The School should not be burdened with administering any current gifts made to it, and its ultimate objective is to convert most gifts to cash. Exceptions may be granted by the Board for those gifts determined to have a larger future income stream.

1. In most instances, the School will immediately sell gifts of marketable securities. Exceptions may be made because the security in question is traded thinly and an
untimely sale of stock in bulk might adversely affect the price, or because it is determined that holding the security would be of benefit to the School. The Director of Finance and Operations, with the approval of the Investment Committee of the Board, will determine the disposition of the asset given to the School. Securities will be liquidated upon receipt unless otherwise stipulated.

2. Non-publicly traded securities and other properties are to be liquidated at the earliest possible time, keeping in mind market impact as well as other conditions and circumstances relating to such gift. The Director of Finance and Operations, with the approval of the Investment Committee of the Board, shall have the ultimate responsibility for liquidating such assets for the maximum benefit of the School.

B. Responsibility for IRS Filings. The GAC shall ensure that if required, IRS Form 8282, Donee Information Return, is filed upon the sale, exchange, consummation, or other disposition (with or without consideration) of any asset within three (3) years after the date the School received the property if the charitable deduction value of the item was more than five thousand dollars ($5,000). Such Form 8282 must be filed within one hundred twenty-five (125) days of the date of the disposition. The GAC shall ensure also that such Form 8282 is provided to the donor.

VI. SPECIFIC POLICIES AND PROCEDURES RELATED TO VARIOUS KINDS OF GIFTS AND GIFT VEHICLES

A. Outright Gifts

1. Cash. Gifts in the form of cash and checks shall be accepted regardless of amount. All checks must be made payable to “St. John’s School” and shall in no event be made payable to an employee, agent, or volunteer for the credit of the School.

2. Publicly Traded Securities. The School shall accept securities that are readily marketable. Marketable securities may be transferred to an account maintained at one (1) 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 Investment Committee.

3. Privately Held Securities. The School will consider gifts of closely-held, non-marketable securities (including Rule 144 Stock), including interests in limited partnerships and limited liability companies or other forms of ownership. The Senior Staff will prepare a written summary of the gift proposal and submit that summary to the GAC. At a minimum, the summary shall include the following information:

   a. description of asset;
   b. an estimate or appraisal of the gift’s fair market value and marketability;
   c. a description of any restrictions on the securities that would prevent the School from ultimately converting the securities to cash;
d. any potential use by the School and, if so, written review by the department to benefit from the asset; and

e. any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, etc.).

In general, closely-held securities will be booked at a nominal value of one dollar ($1.00) until such time as they can be sold or otherwise liquidated for the School’s benefit.

4. Real Property. The School will consider gifts of real property, both improved and unimproved, including gifts subject to a retained life estate, only after a thorough review as set forth below. The Senior Staff shall follow the same procedure as noted with respect to privately held securities above. In addition, the following procedures should occur:

a. The School shall require an independent appraisal of the real property by an Approved Appraiser who has regularly engaged in the business of real estate appraisals within the jurisdiction where the property is located. The School, at its sole discretion, may elect to accept the valuation resulting from the donor’s appraisal or may secure its own appraisal of the property.

b. The School, as it deems necessary and at its sole discretion, may require the donor to submit reports prior to the decision to accept or reject the gift proposal on the gift-parcel, including but not limited to, hazardous waste audits, Phase I Environmental Studies, surveys, a title search, zoning restrictions, dominant and servient tenements, access to public utilities, and engineering inspections.

c. The School may require a Phase II Environmental Study. The School will not accept property with significant Phase II environmental concerns. The cost of any environmental study shall be an expense of the donor.

d. The School shall obtain as much information as possible regarding the market conditions for the property’s subsequent sale.

e. The School’s Headmaster, Director of Finance, or Director of Advancement or an official representative of the School shall physically inspect the property before the contemplated gift is accepted by the School.

f. The School shall secure title insurance at its own expense in the full amount of the value of the property.

g. The School shall acquire at its own expense property insurance to cover casualty losses to any improvements on the real estate and, if such improvements are located in a HUD designated flood area, obtain flood insurance, if available.

h. Prior to accepting a gift of real estate, the School shall conduct an analysis of the gift transaction. The analysis shall include the costs of insuring, maintaining, and
liquidating the property, as well as the potential revenue stream or sale proceeds derived from the property. This analysis shall also determine the maximum exposure the School may incur and the level or risk which is associated with the receipt, ownership and eventual sale of the property.

i. The School shall not accept outright gifts of real property with a present fair market value of less than one hundred thousand dollars ($100,000).

j. The School shall not accept an inter vivos gift of real estate that is encumbered by debt unless either (i) the lender enters into a written agreement absolving the School of responsibility for the debt or, (ii) the real estate (a) produces income sufficient to pay the debt obligation under the terms of the debt instrument, (b) the remaining life of the debt is less than ten (10) years, and (c) the debt is not greater than twenty-five percent (25%) of the fair market value of the subject real estate. Even if the debt meets these conditions, the School retains the right to decline the gift if it deems the debt too great a burden to incur.

k. Prior to the acceptance of any parcel of real estate in exchange for which a lifetime annuity or trust agreement is to be given, such annuity or trust agreement first shall be approved by GAC or, if appropriate, the Board.

l. If the real estate is to be given subject to an agreement for lifetime annuities or trust payments, such an agreement shall not be written with a beneficiary(ies) younger than fifty (50) years of age unless payments are to be deferred until the beneficiary(ies) reaches such age. In cases involving a younger beneficiary, all efforts shall be made to limit any trust payout to a fixed term of twenty (20) years or less.

m. Unitrusts with an income-only provision on payout or in which a FLIP clause allows deferral of payments until a sale occurs are preferred to annuities or annuity trusts.

n. All transactions shall be structured in a manner that will provide the School with the maximum flexibility for the subsequent disposal of the real estate.

o. In accordance with these Policies, the School may accept the remainder interest in property where the donor retains a life estate for one or more lives in the gift real estate, subject to meeting these conditions: (i) the life tenant shall be responsible for maintenance, utilities, real estate taxes, and all appropriate insurance; (ii) the life tenant shall not commit waste; (iii) the life tenant shall not permit liens to be placed on the property or in any way obligate the School to the life tenant’s creditors; and (iv) the remainder interest in the property shall ultimately pass debt free to the School.

p. Subject to these Policies and to the right to disclaim any devise, testamentary gifts of real estate may be accepted by the School.

q. Legal title to all real property conveyed to the School shall be held in the name of
“St. John’s School” or shall be conveyed to a trust of which the School is the ultimate remainder beneficiary.

r. The School shall assume no responsibility for providing financial, investment or legal advice to donors but shall encourage all prospective donors to seek independent financial, investment and legal advice prior to entering into any transaction with the School.

s. The School will not pay a commission on the occasion of a gift of real estate to the School. Reasonable commissions may be paid only upon the subsequent sale of the property.

t. In most cases, the School shall structure annuity and trust agreements such that it shall not be obligated to make a payment to income beneficiaries until the real property is sold unless the property is income-producing or, in the case of a charitable trust, there is sufficient cash in the trust to cover the payment. The School may, in special circumstances and upon recommendation of the GAC and approval of the Board, accept a gift of real estate that produces a negative cash flow, but only if the School can sustain the outgoing cash for the envisioned period of time and if the ultimate financial benefit to the School is sufficient to counteract the effects of the negative cash flow.

u. To the extent applicable and necessary, all such property should be managed by an independent property management company or by the donor, but in no event would the School be involved in managing any such property. The donor would be responsible for the payment of management fees for the management of any donated real property to the extent revenues from the property is not sufficient to pay such management fees.

5. Gifts in Kind; Tangible Personal Property. The School will consider all gifts of tangible personal property. In so doing, the following procedures should occur.

a. Jewelry, artwork, collections or collectibles, computers, books, and other tangible personal property can only be accepted with prior approval by the Senior Staff; the gift process may include the receipt and review of a qualified appraisal by an Approved Appraiser. Property shall not be accepted unless a member of the Senior Staff has reason to believe the property has a value in excess of one thousand dollars ($1,000).

b. If the gift has a fair market value in excess of fifty thousand dollars ($50,000), the Senior Staff shall follow the same procedure as noted with respect to privately held securities above.

c. No tangible personal property shall be accepted by the School unless there is reason to believe the property can be quickly disposed of or used by the School for its charitable purpose. No perishable property or property which will require special facilities or security will be accepted without prior approval of the GAC,
or, if appropriate, the Board.

d. No tangible personal property shall be accepted with conditions that require the School to hold it in perpetuity, display it in any manner that imposes a financial, legal or logistical burden on the School, or use it in any way that carries such a burden without the prior approval of the GAC, or, if appropriate, the Board. The valuation of the gift shall be based on market value as determined by an Approved Appraiser. The School reserves the right to secure a second independent appraisal.

e. There shall be no expectation, understanding, or condition that tangible property will be loaned back to the donor or his/her designee.

f. Upon completion of the gift, the School shall have absolute fee in the property with full rights to sell, convey, or otherwise dispose of the property; the School shall not be obligated to hold the property in perpetuity.

g. Before the School accepts the gift, the School shall have the right to require the donor to provide proof of ownership of the property to be given.

6. Gifts of Intangible Property or Interests. The School may accept gifts consisting of ownership of, rights in or income derived from intangible assets, such as copyrighted works, trademarks, patents or other legal rights of exclusivity, mortgages, notes, royalties, easements, whether real or personal, so long as (i) the School shall not become responsible for managing the underlying asset or liable for any associated obligation, and (ii) the School determines the underlying asset to be consistent with the core values of the School. If the gift has a fair market value in excess of fifty thousand dollars ($50,000), the Senior Staff shall follow the same procedure as noted with respect to privately held securities above.

7. Gifts of Lead Trust Assets. The School encourages gifts deriving from the income flow from a charitable lead trust providing the initial value of the funding asset for the trust exceeds five hundred thousand dollars ($500,000). However, unless waived by the Board, the School will not accept an appointment as trustee of a charitable lead trust. Moreover, the School reserves the right to reject any proposed gift of a charitable lead trust if the underlying lead trust assets do not conform to the conditions that apply to all other outright gifts. Finally, the School will work with donors considering naming the School as an income beneficiary of a charitable lead trust and with their legal and financial advisors but will not itself provide binding legal or financial advice regarding the transaction.

8. Gifts of Oil and Gas Interests. The School may accept oil and gas property interests, when appropriate. Criteria for acceptance of the property shall include the following:

a. The School should only accept oil and gas properties which produce “passive income,” such as royalties, overriding royalties, net profits interests and severed mineral interests (e.g. productive or non-productive). The School should not
become the owner of a “working interest” in any oil and gas properties. Senior Staff shall follow the same procedure as noted with respect to privately held securities above.

b. Because there can be a heavy administrative burden associated with a passive economic interest in oil and gas properties, the School should consider stipulating that such an interest would be accepted only if an arrangement exists (which would be at the expense of the donor) with a bank trust department or other qualified entity approved by the School (and which would not include the donor as the administrator) to provide for such administration (with the School being allowed to appoint a substitute administrator).

9. Bargain-Sale Gifts. The School will not participate in a bargain-sale of property unless (i) there is a substantial (generally no less than fifty percent (50%)) discount in the purchase price below a conservative estimate of the fair market value of the asset; (ii) the asset acquired is readily marketable; (iii) the School must not be subject to out-of-pocket expenses in maintaining, securing, shipping or preserving the asset; and (iv) there is clear evidence of an intent to make a charitable gift (e.g., a contribution by a business of products manufactured by it for the purpose of expanding and developing its market is not considered a charitable contribution.). The expenditure of such funds will be determined by the Headmaster, the Director of Finance, and the Director of Advancement.

B. Deferred Gifts.

1. Bequests.

a. Bequests shall be actively encouraged by the School. In the event of a prospective donor’s inquiry, representations as to the future acceptability of property proposed to be left to the School in a will, trust, or other deferred gift shall only be made in accordance with the terms and provisions of the Policy.

b. Gifts from the estates of deceased donors consisting of property that is not acceptable shall be declined by action of the GAC or, if appropriate, the Board. The School’s legal counsel shall expeditiously communicate the decision of the GAC to the legal representatives of the estate.

c. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the GAC and every attempt should be made to encourage the donor involved to conform his/her plans to the Policy.

d. The School shall not act as an executor or personal representative for a donor’s estate.

2. Charitable Remainder Gifts.

a. Every prospective donor shall be advised to seek the counsel of his/her attorney and/or financial advisor in any and all aspects of his/her contemplated gift,
whether by bequest, trust agreement, contract, or other arrangements. The donor shall particularly be advised to consult his/her attorney on matters related to all tax implications of the intended transfer.

b. Unless waived by the Board, the School will not accept an appointment as trustee of a charitable remainder trust.

c. The School’s staff may identify a number of corporate fiduciaries in which it has confidence. However, the School will not recommend a particular fiduciary to a donor.

d. Charitable remainder trusts will be encouraged as a method for making a gift to the School. The minimum recommended amount is one hundred thousand dollars ($100,000).


a. The School will accept gifts of life insurance as long as the School is named owner and beneficiary of the life insurance policy and such policy is “paid up” (i.e., no more premiums are required to keep the policy in force).

b. The School will accept insurance gifts only from those for whom the School has an “insurable interest” (i.e., where a previously established relationship exists such that the School would experience a tangible “loss” were the insured to die). The School will accept a life insurance policy on a spouse, as in some cases, the donor may not be insurable while the spouse is.

c. The School will determine the best use of the life insurance policy upon receipt, including holding such policy until it matures, borrowing from such policy or surrendering it for its cash value.

d. Those who make a gift of life insurance where the School owns the life insurance policy will be given the same recognition as those who establish bequest provisions for the School, based upon the face value of the life insurance policy in the year that it is given.

e. Gifts of life insurance will be counted in two ways. The interpolated terminal reserve value or cash surrender value will be entered as a current gift and the related balance of the face value will be entered in the same manner as a revocable expectancy.

f. The School’s Office of Finance and Operations shall be responsible for confirming the existence and cash value of all life insurance policies in force at least annually and for collecting death benefits.

g. The School will also accept gifts of life insurance in which it is named only as beneficiary and will recognize such gifts similarly to a revocable bequest provision.
4. Gifts of Qualified Retirement Plans

a. The School will accept and encourage gifts of qualified retirement plans. Examples of such a plan might be an individual retirement account (IRA), 401(k), 403(b), simplified employer pension plan, or a profit sharing plan.

b. The School recognizes that, under current law, qualified plans and IRAs are more frequently used and may produce more attractive tax benefits as a gift at the death of the owner of the plan than as an inter vivos gift.

c. This type of gift is most often made by naming the School as the beneficiary of the plan or IRA. In this way, the beneficial ownership of the plan or IRA passes from the participant to the School at the participant’s death.

d. Under current tax laws, the School is tax-exempt; therefore, no income tax is payable on the distribution.

e. Any beneficiary designation is subject to the terms of the particular plan and the prevailing tax laws.

f. Qualified plans and IRA’s are subject to an array of tax and non-tax rules unlike other assets and the School encourages donors who might consider such gifts to consult with their tax and financial advisors.

g. The School also retains the right to consult with a prospect’s financial advisors in consideration of a gift of this type.

VII. PERIODIC REVIEW

These Policies should be re-examined periodically for needed updating and revision to assure the growth of all giving programs at the School. Changes necessitated by any change in local or federal law are to be made immediately without formal amendment to these Policies.