

**Gift Acceptance Policies
Catholic Diocese of Rockford**

Rockford, IL

July 2000

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Gift Acceptance Policies and Guidelines Diocese of Rockford

The Catholic Diocese of Rockford, a not-for-profit organization organized under the laws of the State of Illinois, encourages the solicitation and acceptance of gifts to the parishes, schools and agencies of the Diocese of Rockford for purposes that will help the Diocese further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Diocese or for the benefit of any of its entities.

The mission of the Diocese of Rockford is as follows:

We, the people of the Catholic Diocese of Rockford, are called by the Father through baptism to be the new People of God. United in faith and relying on the abiding presence of the Holy Spirit, we have access to the redeeming love of Jesus, the Christ, and are called to share in His mission to proclaim the Reign of God in Word, Sacrament, and Service.

I. Purpose of Policies and Guidelines

The Bishop of the Diocese of Rockford and his Administration promote and encourage 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 Diocese and to provide guidance to prospective donors and their advisors when making gifts to the Diocese. The provisions of these policies shall apply to all gifts received by the Diocese for any of its programs or services.

II. Use of Legal Counsel

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

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

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. The Diocese of Rockford will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

IV. Restrictions on Gifts

The Diocese of Rockford 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. The Diocese 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 Diocese of Rockford. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee of the Diocese of Rockford.

V. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- The Vicar General and Moderator of the Curia
- The Secretary for Finance and Administration
- The Diocesan Director of Stewardship Development
- The Director of Planned Giving and the Catholic Foundation
- Such other members as appointed by the Bishop

The gift acceptance committee is charged with the responsibility of reviewing all gifts made to the Diocese of Rockford, properly screening and accepting those gifts, and making recommendations to the Bishop of the Rockford Diocese on gift acceptance issues where appropriate. The Bishop has the right to overturn any decision made by the Gift Acceptance Committee.

VI. 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. Gifts of grain and livestock
 7. Bargain sales
 8. Life Insurance
 9. Charitable gift annuities
 10. Charitable remainder trusts
 11. Charitable lead trusts
 12. Retirement plan beneficiary designations
 13. Bequests
 14. Life Insurance beneficiary designations

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

1. **Cash:** Cash is acceptable in any form. Checks shall be made payable to the diocesan entity, or the Catholic Foundation if it is an endowed gift, and shall be delivered to the parish, school, diocesan agency or the Catholic Foundation Office.

2. **Tangible Personal Property:** All gifts of 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?

The final determination on the acceptance of tangible property gifts shall be made by the Gift Acceptance Committee of the Diocese of Rockford.

3. **Securities:** The Diocese of Rockford can accept both publicly traded 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 transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Gift Acceptance Committee. 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 Gift Acceptance Committee of the Diocese of Rockford.

Closely Held Securities: 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 Diocese of Rockford. However, gifts must be reviewed prior to acceptance to determine that:

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

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 Gift Acceptance Committee of the Diocese of Rockford and legal counsel where necessary. Every effort will be made to sell non-publicly-traded securities as quickly as possible.

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 real estate, the Diocese of Rockford shall require an initial environmental review of the property to insure that the property is not contaminated with environmental damage. Environmental inspection forms are available by contacting the Office of Stewardship Development. In the event that the initial inspection reveals a potential problem, the Diocese 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.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee of the Diocese of Rockford 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 Rockford 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 not damaged?

These guidelines are general in nature. For more specific guidelines regarding the acceptance of real estate, please refer to the most current Diocese of Rockford Real Estate Acceptance Policy & Procedures document.

5. **Life Estate Agreements:** The Diocese of Rockford 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 Diocese of Rockford may use the property or reduce it to cash. Where the Diocese of Rockford receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor.

6. **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 Diocese or one of its entities shall be sold immediately upon receipt at the fair market value at the time of the gift.

7. **Bargain Sales:** The Diocese of Rockford 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 Diocese of Rockford must obtain an independent appraisal substantiating the value of the property.
- If the Diocese assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Diocese of Rockford 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 Diocese must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

8. **Life Insurance:** The Diocese of Rockford must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be 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, the Diocese of Rockford 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 Diocese of Rockford may,

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

9. **Charitable Gift Annuities:** The Diocese of Rockford offers charitable gift annuities through the Catholic Foundation. The minimum gift for funding shall be \$5,000. The Diocese of Rockford may make exceptions to the minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred annuity is offered, the minimum age for the life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Bishop of the Diocese of Rockford may approve exceptions to this payment schedule.

The Diocese of Rockford will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Diocese of Rockford may accept real estate, tangible personal property, or other illiquid assets

in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, the property is marketable, and the Gift Acceptance Committee approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds shall be transferred to the diocesan entity named by the donor in his or her agreement.

10. **Charitable Remainder Trusts:** The Diocese of Rockford may accept designation as remainder of a charitable remainder trust with the approval of the Gift Acceptance Committee of the Diocese of Rockford. The Diocese of Rockford will not accept appointment as Trustee of a charitable remainder trust.

11. **Charitable Lead Trust:** The Diocese of Rockford may accept a designation as income beneficiary of a charitable lead trust. The Diocese of Rockford will not accept an appointment as Trustee of a charitable lead trust.

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

VII. Miscellaneous Provisions

- A. **Securing appraisals and legal fees for gifts to the Diocese of Rockford:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts to the Diocese of Rockford.

- B. **Valuation of gifts for development purposes:** The Diocese of Rockford shall record a gift received by the Diocese at its valuation for gift purposes on the date of the gift.
- C. **Responsibility for IRS Filings on sale of gift items:** The Gift Acceptance Committee of the Diocese of Rockford will be responsible for following the most current instructions for and filing IRS Form 8282 upon the sale or disposition of any asset.

VIII. Gift and Donor Recognition Policies

- A. All donors who name their parish, school, diocesan agency or the Rockford Diocese as a beneficiary in their Will or other Trust agreement are eligible for membership in the Perpetual Light Society. Membership benefits include a certificate and personal thank you letter from the Bishop of Rockford and an invitation to attend a Mass and Brunch with Bishop held from time to time.
- B. Acknowledgment of all gifts made to the Diocese of Rockford and its entities, in compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the appropriate official of that entity.
- C. 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.
- D. 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.
- E. 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 Diocese of Rockford.
- F. 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 Bishop of Rockford in collaboration with the head official of the specific diocesan or parish entity involved.

X. Changes to Policies

These policies and guidelines have been reviewed and accepted by the Bishop of the Diocese of Rockford. The Gift Acceptance Committee of the Diocese of Rockford must approve submit any changes to or deviations from these policies to the Bishop of the Diocese of Rockford.

Approved on the 21st day of July, 2000.

Signed + Thomas G. Doran

Most Reverend Thomas G. Doran, Bishop of Rockford