

**John Carroll University**  
**Gift Acceptance Policies and Procedures**  
**Issuing Authority: Board of Directors**  
**Adopted by Board of Directors December 12, 2006**

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# **Gift Acceptance Policies and Procedures of John Carroll University**

## **Policy 1**

### **Purpose, Responsibility, Ethical Considerations, Fund Raising Guidelines**

#### **Purpose**

John Carroll University (hereinafter referred to as the "University") founded in 1886 is a privately controlled, coeducational, Catholic and Jesuit University dedicated to developing women and men with the knowledge and character to lead and to serve.

The purpose of these Gift Acceptance Policies and Procedures is to support the mission of the University, and maintain and preserve the integrity of the University in the solicitation, planning, and disposition of gifts. All gifts to the University shall be governed by the policies and procedures contained in this manual.

These policies are intended to facilitate giving by allowing University staff to respond quickly in the affirmative, when appropriate, and to seek broader approval before acceptance, when necessary. They will also guide and encourage University staff to decline gifts which are not appropriate and cannot be used to the greatest good of John Carroll University.

#### **Responsibility**

The Board of Directors for John Carroll University approves these policies. In its discretion, the Board may depart from one or more of these policies based on the circumstances of a particular gift, and the Board retains its right to refuse any gift. Staff bears responsibility for maintaining and carrying out these policies on a day-to-day basis.

#### **Ethics**

Every employee or person acting for and on behalf of the University shall adhere to the standards set forth in A Donor Bill of Rights and the Gift Planners Guide established by the National Council on Planned Giving.

#### **Donor Bill of Rights**

1. Donors can expect that gifts will be proposed and consummated in the spirit of philanthropy. The gift intent of each donor will be the primary guide for all recommendations.
2. Donors have the right to receive, upon request, reliable financial information from the University.
3. Donors will be informed of all fees being paid to third party sources involved in either soliciting or implementing a specific proposed gift.
4. Donors are encouraged to seek independent advice and counsel when making property or split interest gifts.
5. Donors can expect to receive all gift options offered by JCU, not one-sided recommendations.
6. Donors have the right to choose the beneficiaries and purposes for each gift. However, the University retains the right to choose individual beneficiaries of the donor's largesse, e.g., selection of scholarship recipients, endowed faculty appointments, etc.
7. Donors have the right to be informed of the portion of their gift being used to carry out the University's exempt purposes.

8. Donors have the right to expect that gift proposals should work in the manner proposed.
9. Donors have the right of disclosure concerning any known conflicts of interest surrounding gift proposals.
10. Donors have the right to know that all major gift proposals will take into account the impact that such a gift may have on their stated personal financial and estate planning goals.
11. Donors have the right to expect that tax information provided is reasonable.
12. Donors should expect that their gift will have follow-up consistent with that proposed or agreed upon by the University. Such follow-up will include proper financial accounting when appropriate.

The interests of the prospective donor shall be a primary consideration with respect to any gift to the University. Pressure techniques shall be avoided and no program, agreement, trust, or contract shall be presented which would benefit the University at the expense of the donor's stated best interests and charitable motivations.

University staff and Board members shall not benefit personally from fees related to gifts received. University staff and Board members shall not participate in any activity, which could be deemed a conflict of interest. Any conflict of interest that exists between the University and the prospective donor, as it relates to any proposed gift transaction, shall be disclosed in writing to the donor and the donor's independent legal counsel.

All information concerning prospective donors shall be confidential to the extent permitted by law. No information shall be released to the general public without securing the prior written permission of the donor.

Recognizing the array of professional expertise required to plan a charitable gift and avoiding even the appearance of a conflict of interest, University staff members will always encourage donors to seek their own professional counsel.

John Carroll University may sometimes provide gift-planning information that addresses the needs of the donor and assists the donor's professional advisors. That information may include sample documents and financial projections for specific gift options. To protect the University from potential claims that a gift was incompetently presented and/or solicited with undue influence and because the University representatives do not represent the donor, the donor will be encouraged, in writing, to finalize any documents and review all projections with his and/or her own advisors to ensure that the donor is receiving proper income tax, gift, and/or estate-planning advice. In all cases, University representatives will emphasize that they are employees of the University, and that they do not represent the donor.

Donors should secure the advice of independent legal counsel in all matters pertaining to a major gift, as defined by the donor, to the University.

### **Fund Raising Guidelines**

The University considers fund raising from private sources to be a preferred means of obtaining the funds necessary for its development and encourages initiatives from individuals, departments, centers, institutes, and groups. These guidelines are to provide a frame of reference to the members of the University community and units of the University to facilitate the orderly pursuit of the University's fund raising objectives.

For the purposes of this policy, "Gift" means a transfer of money or physical property carrying with it no rights, privileges, benefits, or advantages for the donor or any obligation for the transfer of results. A gift outright or deferred, is for the benefit of the University. It may, however, be assigned to a unit of the University normally with a view to the carrying out of a particular program or project.

1. The main fund raising methods are capital campaigns, annual campaigns, special initiatives, or the seeking of special gifts from corporations, foundations, or individuals, as well as special events to raise funds conducted by University entities.

2. The University intends to involve as many members of its internal community as possible in its fund raising programs. It hopes that volunteers from the external community will participate as partners in the carrying out of campaigns while respecting the solicitation and other fund raising rules set by the University, notably with respect to the coordination by University Advancement of prospective donors, lists of donors and volunteers.
3. The Board of Directors, on the recommendation of the Advancement Committee, authorizes the planning and conduct of all capital fund raising campaigns, including the timing, the goal, and the budget. The fund raising priorities to be included in the table of needs and the case for support are subject to the approval of the Board on the recommendation of the President.
4. The President authorizes Annual Giving and special-initiative fund raising priorities and the commitment of unrestricted funds to the various priorities on an annual basis. These priorities have preference over and above those of individual departments, schools, institutes, and centers.
5. The commitment and expenditure of the funds raised by Capital Campaigns shall be conducted in accordance with the Capital Campaign policies in force at that time and the wishes of donors so long as such wishes do not interfere with the proper administration of the University with the passage of time.
6. Every initiative to raise funds from philanthropic sources, on behalf of an academic or other unit of the University, must first be approved by the relevant Department Chair/Unit Head and Dean or Academic Vice President or appropriate Vice President before a draft proposal is submitted to University Advancement for review and evaluation.
7. University Advancement will evaluate the project's fund raising feasibility its impact on approved and/or competing fund raising campaigns and programs and will forward its evaluation along with the proposal to the President for decision.
8. Should the initiative be approved, University Advancement will assist the project's champion in developing and executing a fund raising plan.
9. Individual fund raising solicitations by members of the University community or a unit of the University directed towards a corporation, foundation, individual, consortium, church, or philanthropic entity must be approved by University Advancement in order to avoid repeated, simultaneous, or uncoordinated solicitation of the same prospective donor(s).
10. Fund raising campaigns contemplated by a student association or student organization coming under the patronage of the University is subject to this policy and must be approved by the Dean of Students before submission to University Advancement.
11. All gifts and special event fund raising are to be guided by the University's current Gift Acceptance Policies and Procedures manual.

**Gift Acceptance Policies and Procedures  
of  
John Carroll University**

**Policy 2**

**General Guidelines for Gift Acceptance Management, Reporting,  
Gift Review Committee and Appraisals**

**General Guidelines**

The gift acceptance policy and procedural manual is guided by the national reporting standards presented by the Council for the Advancement and Support of Education (CASE) and the National Association of College and University Business Officers (NACUBO).

The designated entity for acceptance of charitable gifts to the University is the University Advancement Office. All solicited or unsolicited gifts of money, gifts-in-kind, real and personal property, and/or services of any description to the University shall be immediately reported to, and when appropriate, receipted by the Advancement Office. Gifts received by any University personnel should be delivered immediately (the same day if possible) to the Advancement Office.

John Carroll University will not accept an irrevocable gift, whether outright or life-income in character, if the gift would be inconsistent with the goals and objectives of the University.

The following guidelines are to be used to evaluate prospective gifts.

1. Gifts will not be accepted where there is no charitable intent on the part of the donor.
2. Unless otherwise negotiated, gifts of property will be converted into cash at the earliest opportunity keeping in mind current market conditions and the use of the property in the accomplishment of the mission of University.
3. The University will not, in most cases, assume any indebtedness in connection with a gift. Exceptions to the contrary must be approved by the Board of Directors.
4. If property is encumbered by indebtedness, the donor will, in most cases, be requested to provide for the payment of taxes and any other associated costs until the property is liquidated.
5. Gifts will not be accepted where the University would be exposed to material or personal liabilities as owners of the property.
6. The University will not enter in to Limited Partnership agreements.
7. Contributions should support and enhance the mission and purpose of John Carroll University. Contributions which subject the University to burdensome or unusual restrictions will not be accepted.
8. Gifts will generally not be accepted under circumstances where, in the opinion of its tax advisers, the University would become subject to the tax on unrelated business income or unrelated debt-financed income.
9. Donors of property gifts of over \$5,000 (except for gifts of publicly traded stock) must obtain an appraisal, at their own expense, by an independent, third-party, licensed, appraiser in accordance with current tax law requirements.
10. Associated expenses with the conveyance of a gift made to the University are to be borne by the donor.
11. All gifts of life insurance must comply with applicable University Guidelines for Gifts of Life Insurance.

12. The University will assume that donors rely on their own personal advisers for tax, legal, financial, and other advice concerning their gifts. A letter of understanding from a donor for a property gift, along with proof of outside advice from counsel, may be required before such a gift will be accepted.

Any formal solicitation of gifts to the University will be made by authorized members of the Advancement staff. All employees, representatives or friends of the University are encouraged to refer any prospective donors to the Advancement staff at the earliest possible time.

### **Gift Review Committee**

Prospective gifts, except small gifts as defined below, shall be reviewed by the Gift Review Committee (hereinafter referred to as the "GRC"). The GRC, either directly or indirectly through a development officer, 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.

The GRC consists of the Vice President for Finance and Administrative Services, Vice President for University Advancement, Director of Development, and/or Director of Planned Gifts. They may seek additional expertise from the University's attorney, other staff members, or third parties as required. The purpose of the committee is to review gifts being made to the University and by consensus to recommend action.

Exceptions and modifications of this manual must be approved in writing by the GRC and approved by the Board of Directors.

All prospective gifts, split interest gifts, and all gifts of any amount and structure which involve financial or estate planning recommendations by the Advancement staff must be approved and accepted by the GRC.

A summary of the gift plan shall be presented to the GRC which includes the following:

1. Description of the asset
2. Purpose of gift
3. Gift technique being utilized
4. Estimated fair market value
5. Income, expenses, encumbrances
6. Other associated costs

Unless delay in submitting a gift plan to the GRC would hinder or prejudice the gift transaction, a written summary shall be provided to the GRC.

The GRC will review the information provided in the summary and any additional information required and make a determination as to whether to accept, restructure, or reject a prospective gift within ten business days.

Notwithstanding the foregoing, outright gifts of money, publicly-traded stock, or tangible personal property of less than \$5,000 shall be considered a small gift. Small gifts need not be submitted to the GRC.

### **Implications for Gift Counting, Charitable Deductions, and Donor Recognition**

These guidelines follow gift-counting principles established by CASE. This information will be used for annual reports and other professional organizations requiring gift-counting data. The University will issue gift receipts.

The University currently maintains two donor recognition programs (Carroll Fund and Magis Society). All outright gifts, gifts-in-kind, deferred gifts, and estate plans will be credited to the donor for the appropriate recognition program. These amounts will not necessarily be the same as the charitable deduction. If requested, donor anonymity will be maintained.

## **Special Fund Raising Events and Gifts Associated with Donor Benefits**

The correct name and verified address of each donor who has made a contribution to any fundraising activity of the University must accompany the "Gift Entry Information / Receipt Form" that is delivered to the University Advancement Office. The University receipt will be prepared from this information.

All acknowledgements for gifts associated with direct donor benefits should state the fair market value of the benefit received by the donor. Therefore, information on the fair market value of benefits must be submitted by units or groups sponsoring events to the Director of Annual Giving for the purposes of including that information in acknowledgements and giving histories, and supplying to donors upon request.

In accordance with IRS requirements, invitations, reply cards, tickets, letters, and other printed materials connected with a fundraising event must also reflect the fair market value of any benefit to the donor. This applies to all fund-raising events, including those that are underwritten. The concept of "benefit" is applied even if the donor does not attend the event but receives a ticket, or does not exercise rights associated with membership. It is not sufficient to state on the materials only "deductible to the extent provided by law."

Benefits are defined as the fair market value of a ticket to any event, of any good or service purchased at an auction, or of consideration associated with a membership. In relation to any event, the term "benefit" applies—but is not limited—to the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. The "benefit" associated with a purchase at an auction is equal to the fair market value of the good or service bought. In relation to memberships, "benefit" refers to the fair market value of gifts and privileges associated with the level of membership.

Premiums (meals, etc.) offered to a donor in return for purchasing tickets to fund-raising events cannot be considered gifts to the University. The dollar value of a premium or privilege must be stated clearly in all promotional materials and on tickets sold, so that a potential donor will know what portion of a particular payment to the University will be considered a deductible gift.

### **Appraisal Guidelines**

1. The appraisal must be prepared not earlier than 60 days prior to the date that the contribution is made, and must be prepared not later than the due date of the return on which the deduction is claimed or the date that an amended return is filed if the amended return is the first return on which the deduction is claimed.
2. The appraisal must be prepared, signed, and dated by a qualified appraiser as defined below.
3. The appraisal must include the following information:
  - a) A description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed;
  - b) In the case of tangible property, the physical condition of the property;
  - c) The date (or expected date) of contribution to the donee;

- d) The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor, which relates to the use, sale or other disposition of the property contributed. This includes restrictions on the donee's right to use or dispose of the donated property, all provisions which confer on anyone, other than the donee charity, the right to income from the donated property or the right to possession of the property, including voting rights to securities, a right of purchase, or a right to designate the person to receive income, possession or right to purchase, or a provision which earmarks the donated property for a particular use. As an added precaution, all agreements between the donor and the donee charity relating to the gift should be attached to the appraisal and incorporated into it by reference;
  - e) The name, address, and taxpayer identification number of the qualified appraiser and, if the qualified appraiser is a partner in a partnership, an employee of any person (whether an individual, corporation, or partnership), or an independent contractor engaged by a person other than the donor, the name, address and taxpayer identification number of the partnership or the person who employs or engages the qualified appraiser;
  - f) The qualifications of the qualified appraiser;
  - g) A statement that the appraisal was prepared for income tax purposes;
  - h) The date or dates on which the property was valued;
  - i) The appraised fair market value of the property on the date (or expected date) of contribution;
  - j) The method of valuation used to determine the fair market value, such as the income approach, the market data approach, or the replacement-cost-less-depreciation approach;
  - k) The specific basis for the valuation, if any, such as any specific comparable sales transactions;
  - l) A description of the fee arrangement between the donor and the appraiser.
4. The appraiser must sign the Appraisal Summary when the donor presents it. In this regard, no part of the fee arrangement for a qualified appraisal can be based, in effect, on a percentage (or set of percentages) of the appraised value of the property.
5. To be a "qualified appraiser," the appraiser must sign and complete Internal Revenue Service Form 8283, Section B, denoted "Appraisal Summary." The Appraisal Summary includes declarations by the appraiser that:
- a) The individual holds himself or herself out to the public as an appraiser;
  - b) Because of the appraiser's qualifications as described in the appraisal, the appraiser is qualified to make appraisals of the type of property being value.
  - c) The appraiser is not:
    - (1) The donor or the taxpayer who claims or reports the deduction under Section 170 for the contribution of the property being appraised;
    - (2) A party to the transaction in which the donor acquired the property being appraised (i.e. the person who sold, exchanged or gave the property to the donor, or any person who acted as an agent for the transferor or for the donor with respect to such sale, exchange or gift), unless the property is donated within two months of the date of acquisition and its appraised value does not exceed its acquisition price;



- (3) The donee of the property;
  - (4) Any person employed by any of the foregoing persons or related to any of the foregoing persons under Section 267(b) (i.e., if the donor acquired a painting from an art dealer, neither the art dealer nor persons employed by the dealer can be qualified appraisers with respect to that painting);
  - (5) Any person whose relationship with any of the persons listed in (1) through (4) above would cause a reasonable person to question the independence of such appraiser. For example, an appraiser who is regularly used by any person described in (1) through (3) above and who does not perform a substantial number of appraisals for other persons has a relationship with such person that is similar to that of an employee and cannot be a qualified appraiser with respect to the property contributed.
- d) The appraiser understands that a false or fraudulent overstatement of the value of the property described in the qualified appraisal or appraisal summary may subject the appraiser to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and consequently the appraiser may have appraisals disregarded pursuant to 31 U.S.C. Section 330(c).

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**Policy 3**

**Gifts of Cash**

**Policy**

University employees can receive gifts of cash for the University in accordance with the internal policies of the University. The simplest way to make a gift to John Carroll University is to write a check made payable to "John Carroll University."

**Procedures**

- A. All cash, checks, and credit card gifts should be forwarded immediately to the University Advancement Office. They will be receipted to the proper fund and are deposited daily. Receipts will be mailed to the donor within two (2) business days of receiving the gift. Matching gifts from employers are credited to the donor for giving society recognition but receipts are sent to the company.
- B. In general, a gift that is mailed or delivered by an overnight delivery service recognized by the Internal Revenue Service is deemed made when posted and surrendered for delivery in the regular course of business. In determining the date of the gift, particular attention should be given to the envelope transmitting any gift that is mailed or sent by such an overnight delivery service, because the postmark on the envelope will generally establish the gift date. A gift that is transferred electronically is deemed made when it is transferred out of the account of the donor. Otherwise, the day the gift is received by John Carroll University will be the date used to determine the date the gift was made for University purposes.
- C. Gifts made by credit card are reported and counted on the date authorization is received.
- D. John Carroll University is not required nor obligated to establish the appropriate date used to determine the date the gift was made for the donor's purposes.

**Gift Acceptance Policies and Procedures  
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**Policy 4**

**Gifts of Publicly-Traded Securities**

**Policy**

- A. The University generally accepts gifts of publicly-traded stocks and bonds. Giving stocks and bonds that have increased in value (and owned for more than one year) provides even greater tax benefits than giving cash. Not only is the market value of the securities deductible (subject to applicable limitations), but paying capital gains on appreciation is avoided.
- B. Unless otherwise approved by the Vice President of Finance and Administrative Services, gifts of securities that should not be accepted include:
  - 1. Securities that may create a liability to the University;
  - 2. Securities that by their nature may not be assigned (excepting securities with transitory restrictions on assignment, such as stock subject to the resale restrictions of Rule 144 under the Securities Act of 1933); and
  - 3. Securities that, on investigation, have no apparent value.
- C. In general, gifts of readily marketable equities will be sold as soon as practical unless:
  - 1. The Vice President of Finance and Administrative Services decides that the stock should be held as a part of the organization's portfolio;
  - 2. The number of shares involved is sufficient to have a depressing impact on the price of the stock, in which event the sale may be extended over a period of time necessary to avoid such an impact; or
  - 3. The terms of the gift declare otherwise or the stock is subject to contractual or regulatory restrictions on sale, such as the resale restrictions of Rule 144 under the Securities Act of 1933.
- D. Securities that have certain resale restrictions generally should be held until the restrictions on sale expire and then sold under the guidelines above.
- E. Gifts of bonds that require a holding period generally should be accepted and cashed when the holding period has expired.
- F. To discover the fair market value of the gift of stock for University purposes, the University will use the average of the high and the low value of the stock as listed on the applicable stock exchange in the *Wall Street Journal* or any other comparable reporting periodical for the appropriate date of receipt of the stock. If that date should fall on a day the exchange is closed, the average will be computed between the high and low values of the stock as listed on the applicable stock exchange in the *Wall Street Journal* or other comparable reporting periodical for both the preceding business day and the following business day from the date of receipt of the gift. The average of such two averages will be the appropriate value for University purposes. In all events, the responsibility for determining the value of a gift of securities for purposes of the donor's income tax charitable deduction shall be exclusively the responsibility of the donor.

**Procedures**

- A. Upon learning of a proposed gift of securities, a University staff member should make every practical effort to meet personally with the prospective donor.

- B. If stock is held in custody with a brokerage firm or bank trust department, the donor will make a direct transfer of the securities from the custodian firm or bank to John Carroll University's account at Smith Barney.

The donor should instruct the holding institution to make a direct transfer, known as a "DTC" with the following instructions:

Line 1: DTC 0418

Line 2: Account Number 224 15028 1 0 198

Line 3: John Carroll University (TIN 34-0714681)

The donor should notify the University Advancement Office of the transfer of stock and indicate how their gift is to be used (example: scholarships, buildings, or as an annual gift). This will enable the University to acknowledge a gift promptly and respect any restrictions or preferences they may have for the use of the gift. The staff member accepting a gift of securities will notify the Vice President for University Advancement or Director of Development, who in turn will notify the Vice President of Finance and Administrative Services. The Vice President of Finance and Administrative Services will notify the University broker that stock is being transferred. Donors are encouraged to consult their own advisors to determine the most advantageous method of giving securities.

- C. Securities not handled by a broker should be delivered by hand or sent only by certified or registered mail, or by an overnight delivery service recognized by the Internal Revenue Service. A stock power form signed by the donor naming the University as transferee should also be sent along with a notarized Letter of Instruction. If a blank stock power is used, it should be sent in a separate envelope, using certified or registered mail, or hand delivery.
- D. In general, when a gift is mailed, the certificate should be left blank and sent in one envelope. A separate envelope should be sent which includes the signed stock power with signature guaranteed and the notarized letter of instruction. Both envelopes should be sent by certified mail.
- E. In general, a gift that is mailed or delivered by an overnight delivery service recognized by the Internal Revenue Service is deemed made when posted and surrendered for delivery in the regular course of business. In determining the date of the gift, particular attention should be given to the envelope transmitting any gift of securities that is mailed or sent by such an overnight delivery service, because the postmark on the envelope will generally establish the date for computing the value of the gift. When two envelopes are used, the date on the postmark of the later envelope will control. A gift that is transferred electronically is deemed made when it is transferred out of the account of the donor. Otherwise, the day the stock was received by John Carroll University will be the date used to determine the fair market value of the gift for University purposes. John Carroll University is not required nor obligated to establish the appropriate date used to determine the fair market value of the gift for the donor's purposes.
- F. Upon acceptance of a gift, John Carroll University will provide a letter of acknowledgment and appreciation to the donor meeting Internal Revenue Service substantiation requirements within three (3) business days.
- G. The Vice President for University Advancement or Director of Development should notify the appropriate staff member who is working with the donor when a gift of securities has been received electronically. That staff member will notify the donor that the transfer has been completed.

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**Policy 5**

**Gifts of Closely Held Securities**

**Policy**

Securities other than “publicly-traded securities” as defined in Policy 4, such as interests in non-publicly traded companies and interest in limited liability partnerships (LLPs) and limited liability companies (LLCs), may be accepted subject to approval of the GRC. The value of closely-held securities will be determined through use of an independent qualified appraisal, the cost of which shall be underwritten by the donor, and credited at the appraisal value for both recognition and gift value (see Policy 2).

In general the University will not accept closely-held stock valued less than \$10,000.

**Procedures**

A. The development officers should submit to the GRC:

1. Written summary of the securities
2. Current appraisal of the fair market value
3. Indication of its marketability

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**Policy 6**

**Gifts of Real Property**

**Policy**

- A. The following policies apply to all gifts and proposed gifts relating to or subject to real property. Real property may include, but is not limited to, commercial property, a residence, farm, and improved and unimproved land. Unless otherwise stated, the University will only accept real property with a minimum equity of \$25,000.
- B. No real property can be accepted by the University without prior approval of the GRC. All gifts of real property will require a Phase One environmental study prior to advance approval by the GRC. The cost of the inspection shall be underwritten by the donor. The value of real estate shall be determined through the use of an independent qualified appraisal, the cost of which shall be underwritten by the donor, and credited at the appraised value for both recognition and gift value purposes.
- C. In general, it is the policy of John Carroll University not to accept contributions of property subject to any form of indebtedness or other liability in order to prevent the University from becoming responsible for the payment thereof. Circumstances may arise where the GRC believes that the acceptance of a gift encumbered by some form of liability would be in the University's best interest and that any financial risk would be within acceptable limits. In such event, the Vice President of Finance and Administrative Services will prepare a response for the donor as soon as possible and preferably within ten (10) working days. In evaluating whether to accept such gift, consideration shall be given to the fair market value of the gift, the amount of the potential liability, the ability to sell the property, the costs associated with selling the property, and all other matters deemed relevant.
- D. In general, the University will not accept a gift involving real property that makes the University a principal in a real estate partnership, undivided interests in real estate, joint venture, or business activity in which the University participates fully in the risks of the operation and has more than limited liability for the conduct of the business (e.g., as a general partner, principal in a joint venture, or as an owner of a working interest).
- E. In general, gifts of mineral interests may be received absent extenuating circumstances such as extended liabilities or other considerations making receipt of the gift inadvisable. In this regard, prior to the acceptance of mineral interests, all offered gifts are to be first examined by a qualified consultant for such extenuating circumstances that would argue against receipt of the gift. The expense of the examination must be borne by the donor. Working mineral interests, which entail special problems regarding taxation, should be considered in advance of receipt of the gift, with a view towards establishing a plan that will minimize any adverse effect on the tax status of the University.
- F. If the University accepts real property with on-going activities that are subject to environmental regulation, the University will comply with all applicable environmental laws and regulations concerning the real property after accepting ownership or control of the real property.
- G. In most instances, the donor will have a survey prepared of any gifts of real property. Unless otherwise approved by the GRC, the University will not pay for such survey.
- H. In most instances, the donor will have a building inspection done of any improvements on commercial property given to the University. Unless otherwise approved by the GRC, the University will not pay for such building inspection.
- I. In most instances, the donor will have gifts of real property appraised by a qualified appraiser to establish a fair market value for the donor's purposes. Unless otherwise approved by the GRC, the University will not pay for such an appraisal. Follow Appraisal Guidelines in Policy 2.

## Procedures

- A. Upon notification of a potential gift of real property, Advancement staff should:
1. Make every practical effort to meet personally with the prospective donor;
  2. Request an inspection of the property by an appropriate University staff member or agent;
  3. Comply with Environmental Assessment Procedures;
  4. Determine that no reasonable possibility exists that the property could be contaminated by hazardous waste;
  5. Determine that the property has not been utilized in a manner that would embarrass John Carroll University;
  6. Reach an understanding with the donor as to the valuation of the property;
  7. Evaluate debt, insurance, homeowner's association fees, and other carrying costs in order to determine the advisability and value of accepting the gift;
  8. Determine if any other liabilities might attach to the property;
  9. Take the appropriate steps to ensure that the property will be immediately and adequately insured upon receipt;
  10. Agree upon arrangements to cover post-transfer expenses (e.g., taxes and assessments, insurance, maintenance costs) in writing with the donor prior to the gift.
- B. Preferably before acceptance, but in all events no later than upon acceptance of a gift of real property, John Carroll University will endeavor to advise the donor in writing of the value placed on the gift by the University for its purposes, including the price the University will seek in any sale of the property.
- C. Upon acceptance of a gift, John Carroll University will provide a letter of acknowledgment and appreciation to the donor meeting Internal Revenue Service substantiation requirements.
- D. In general, when a donor contributes property (other than publicly-traded securities) for which a charitable deduction in excess of \$5,000 is claimed, in order to obtain the benefit of a charitable deduction, the Internal Revenue Service will require the donor to (1) complete IRS Form 8283, (2) obtain a "qualified appraisal" of the property from a qualified appraiser, (3) attach a fully completed appraisal summary to the tax return in which the deduction is first claimed, and (4) maintain records of certain information listed in Treas. Reg. § 1.170A-13(b)(2)(ii). These obligations rest upon the donor and do not affect acceptance of the donated property by John Carroll University. Upon presentation and acceptance of the gift, however, the University will sign the Donee Acknowledgment for such gift contained in Form 8283, if requested to do so by the donor.
- E. If John Carroll University sells, exchanges, or otherwise disposes of any property for which it has signed a Donee Acknowledgment within two years after the date it received the gift, the University shall file Form 8282, Donee Information, with the Internal Revenue Service, with a copy to the donor, disclosing that fact and such other information as the Internal Revenue Service may require.
- F. With respect to real property that John Carroll University does not desire to use or which, for any other reason, the University decides to dispose of, John Carroll University, in its sole discretion, will list such property for sale, and, with full disclosure to the donor if it is within two years after the date the gift is received, will attempt to realize a sale which will result in a purchase price of no less than the appraised value of the property, although it is not bound to do so.

**Gift Acceptance Policies and Procedures  
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**Policy 7**

**Gifts of Tangible and Intangible Personal Property**

**Policy**

- A. This policy is established to govern the acceptance and disposition of all gifts of tangible and intangible personal property. Gifts of tangible personal property include but are not limited to works of art, boats, cars, antiques, rare books, and livestock. Gifts of intangible personal property include intellectual property such as copyrights, patents, and literary works.
- B. Prior to accepting gifts of tangible personal property, the GRC shall examine the proposed gift in light of the following criteria:
  - 1. Is the property needed by the University to fulfill its mission?
  - 2. Is the property marketable?
  - 3. Has the donor imposed restrictions on the use or disposition of the property?
  - 4. Are there carrying costs associated with the property?
- C. The University will consider gifts (valued at \$5,000 or more) of tangible personal property. All gifts affected by this policy must be approved in advance of acceptance of such gifts by the GRC. It is the responsibility of any development officer, departmental, or other University official presented with a gift or working with an estate to bring all gifts subject to this policy before the GRC prior to accepting such gifts.
- D. Gifts valued at more than \$5,000 must have an appraisal by an independent licensed appraiser.  
Note: All gifts of tangible personal property must be able to be liquidated in order to be accepted by University. No tangible property shall be accepted that obligates the University to ownership of it in perpetuity without prior approval from the GRC. No perishable property or property which will require special facilities or security to properly safeguard said property will be accepted without prior approval of the GRC. Other property of any description may be accepted only by prior approval of the GRC. The University is not responsible for any appraisal. See Appraisal Guidelines at the bottom of Policy 2.
- E. Personal property donated which does not relate to the University's mission receives a different charitable deduction. The deduction in this case equals the cost basis in the property or its fair market value, whichever is less, up to 50 percent of adjusted gross income, with a five-year carryover period. If the personal property is sold by the University within two (2) years of the date of the gift, the charitable deduction is limited to the sale amount.

**Procedures**

- A. The development officer will prepare a written summary of the gift proposal and submit the summary to the GRC through the Director of Major Gifts and Planned Giving. At a minimum, the summary shall include the following information:
  - 1. Description of asset (if art, title of the work, medium, dimensions, condition, and any special requirements or problems in connection with the gift);
  - 2. The purpose of the gift (e.g. for teaching purposes, for campus display);
  - 3. An estimate or appraisal of the gift's fair market value and marketability;



4. Any potential University use and, if so, written review by the department to benefit from the asset;
  5. Any special arrangements requested by the donor concerning disposition (e.g. price considerations, time duration prior to disposition, potential buyers, etc.)
- B. The GRC will review the material presented by the development officer and make a determination as whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The final determination of the GRC shall be communicated to the development officer, and the development officer shall communicate the University's decision to the donor in writing.
- C. If a proposed gift of tangible personal property is approved by the GRC, the Advancement Office will acknowledge receipt of the gift on behalf of the University. The University will not appraise or assign a value to the gift. Donors of property gifts over \$5,000 must obtain an appraisal (see Policy 2) by an independent third party appraiser in accordance with current tax law requirements. Tax forms 8283 and 8282 must be completed for the IRS.

**Gift Acceptance Policies and Procedures  
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**Policy 8**

**Gifts of Gifts-in-Kind**

**Policy**

Gifts-in-kind are generally defined as non-cash gifts donations, other than real and personal property, of materials that are directly related to the mission. Gifts-in-kind are usually from companies, corporations, or vendors, in contrast to individuals who typically give personal property. Typically gifts-in-kind are materials or long-lived assets related directly to the University's mission. Gifts in kind might include such items as equipment, software, printed materials, food, or other items.

- A. The GRC may, at its discretion, include other University experts to help make its determination as to whether or not to recommend acceptance.
- B. Donors are required to provide the University in writing, the value of the gift-in-kind. For gifts-in-kind with an apparent value of \$5,000 or more, a qualified appraisal must accompany the gift. In cases where the apparent value is less than \$5,000 or the donor is a corporation, University or an association, the donor may be required at the University's discretion to submit an appraisal (see Policy 2).
- C. University compliance with IRS regulations concerning the sale of donated assets is based in the Finance and Administrative Services office.
- D. The University does not act as an appraiser of gifts-in-kind. The donor, not the University, has the responsibility of substantiating the value of donated property with the IRS. Therefore, no values for gifts-in-kind (except for publicly-traded securities) shall appear in acknowledgment letters or receipts.
- E. The value of a gift-in-kind that will be used for counting and donor recognition purposes will be the value that the donor has established for gifts-in-kind which have an apparent value less than \$5,000. For gifts with an apparent value of \$5,000 or more, the value that was provided by the donor in writing, accompanied by a qualified appraisal, will be used for counting purposes and donor recognition purposes. When an appraisal exists that only states a dollar range for a gift-in-kind, the midpoint of that range will be used for counting purposes.
- F. If a company wishes to provide labor and materials for a specific project as a gift-in-kind, an invoice from the company detailing the labor portion and the materials portion will suffice in lieu of an appraisal. Only the materials portion of the invoice will be used for counting and donor recognition purposes. In cases such as this, if the apparent value of the gift is \$5,000 or more, the gift must be accepted by the GRC.
- G. If a gift-in-kind with an apparent value of \$5,000 or more is intended to be sold at a University fundraising auction, the gift must be approved by the GRC prior to the gift being sold at the auction.
- H. Signature of a University representative on required IRS forms that acknowledge receipt of a property is not a concurrence in fair market value. Values are recorded for counting and donor recognition purposes only.
- I. The University reserves the right to determine the sale date of any gift-in-kind of which it wants to divest itself. Disposition is made without regard to donor appraisal, and the University assumes no responsibility for any variance between appraised value and the amount obtained from the sale.

## Procedures

- A. Individuals who are contemplating donations of gifts-in-kind will be informed by appropriate development officers of University policies in regard to the internal process, appraisal requirements and policies in regard to disposition of gifts held for sale. No University employee shall render tax advice to a donor. For specific legal and financial advice, donors are referred to their tax attorneys and professional financial counselors.
- B. The following documentation is provided to the GRC:
  - 1. Gift-in-Kind Review Form prepared, signed by a professional staff member and sent to the GRC. If the apparent value is \$5,000 or more and from an individual donor, the appraisal must be attached.
  - 2. Attach a letter from the donor stating the intent of the gift and the value they have placed on it. No University employee shall determine or place a value on any gift-in-kind.
- C. The University Advancement Office assures that materials are complete, and for all gifts-in-kind of \$5,000 or more, sends them to the Gift Review Committee.
- D. The University Advancement Office is notified of gifts-in-kind with apparent values of \$4,999 or less. Since only the GRC is empowered to accept gifts for the University, until such time as they move to accept a gift, deans, directors, and development officers assigned by the Vice President for University Advancement may only indicate the intent to make a gift is appreciated and that they will trigger the process for acceptance. Until the time that the GRC accepts the gift, the gift is not to be used by the University.
- E. For non-cash gifts of \$5,000 or more, at the request of the donor, Section B, part I of IRS Form 8283 will be signed by the Vice President for University Advancement. The donor should complete his/her name, tax identification number, and description of the donated property before submitting the form for a University signature. The form should be sent to the University Advancement Office. Only the President, Vice President for University Advancement, or the Vice President for Finance and Administrative Services are authorized to sign the form for the University.
- F. Prior to sale of a gift-in-kind, the Vice President for Finance and Administrative Services notifies the Vice President for University Advancement that the gift is about to be sold. All transaction concerning equipment to be capitalized (not held for sale) are sent for approval to the Vice President for Finance and Administrative Services.
- G. Immediately after a sale of property sold within two years of its receipt as a gift, the Finance and Administrative Services Office submits all information required on IRS Form 8283 to the Advancement Office. The Advancement Office completes Form 8283 and sends it to the IRS with a copy sent to the donor.
- H. In cases where the apparent gift value is below \$5,000 or the gift is from a corporation, valuations for financial records for donor recognition purposes may be prepared by University experts or from equipment price listings.
- I. Gifts of software need only have the vendor's value less any educational discount to substantiate the gift.
- J. Copies of documentation regarding contribution credit for out-of-pocket expenses or services and for limited use of private property are to be forwarded to the University Advancement Office for review and processing.

**Gift Acceptance Policies and Procedures  
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**Policy 9**

**Gifts of Bequests and Estate Distributions**

**Policy**

The preparation of an estate plan is one of the most personal and important tasks an individual may undertake. Estate plan distributions have contributed significantly to the University. The encouragement of bequests is one of the highest priorities of the University.

The Advancement Office will work with attorneys, donors, and their representatives in the preparation of documents to insure that assets or funds intended to be transferred to the University are appropriate and properly directed to benefit the intended program. Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available.

Bequests are to be directed to John Carroll University. It is desirable for the University to obtain a copy of a bequest designation to insure that the devise is properly described and directed, but it is recognized that the provision of a copy of such documentation is solely at the discretion of the testator.

Distributions received through a person's estate plan may involve a devise by will (commonly called a bequest) or a distribution from a trust. In many cases the University is not aware of a bequest or trust distribution until notice is received from the personal representative or trustee. The Planned Giving Office will monitor procedures associated with estate plan distributions, and assist personal representatives, Directors, or legal counsel where appropriate.

In some cases, it may be best for the University to disclaim a bequest or distribution. Concerns of liquidity, marketability, holding costs, environmental contamination, and liability may be valid reasons for disclaiming, in a timely manner, an interest in a distribution. If the bequest involves securities, real estate, or personal property, the University will follow the appropriate policies for those items.

A testamentary trust may require the University to examine the nature of the asset as well as the capability of the University to economically manage the asset until liquidation can occur or for a long term period if an extended commitment is forecast. If it is determined that the University is unable to manage the asset or perform its duty as trustee, the Advancement Office will work with the appropriate representatives to reach a solution satisfactory to all parties.

- A. Employees, officers and directors of John Carroll University do not prepare wills for donors to the University. Appropriate staff may, upon request, provide suggested gift clauses to donors' attorneys for inclusion in wills prepared by donors' attorneys.
- B. Whenever possible, a designated employee of John Carroll University will review in advance any restrictions or conditions placed on a charitable bequest and confirm that the legal name of the beneficiary is accurately stated.
- C. John Carroll University may not serve as executor of estates or as attorney-in-fact. Officers and directors of the University may not serve as executors of estates or as attorneys-in-fact in their capacity as University officers and directors under ordinary circumstances.
- D. As a general rule, John Carroll University will not bear any cost associated with creating or amending a will or revocable trust.

E. Bequest will be classified as either documented or known/possible as follows:

1. Documented—John Carroll University has a copy of the will or that portion of the will pertaining to the gift to the University.
2. Known/Possible—The donor has informed a representative of John Carroll University that there is a bequest for the University in his or her will.

## **Procedures**

A. When John Carroll University has been notified that an individual has died, leaving a testamentary gift to the University, Planned Giving should:

1. Start and maintain a bequest file and checklist.
2. Notify and keep the Advancement Office informed of file activity.
3. Write a note of appreciation to the attorney, trust officer, or executor and request information on the addresses of surviving heirs.
4. Send a note of sympathy and appreciation to surviving heirs or loved ones.
5. After the will has been admitted into probate, request a copy of the will and compare the will on file (when available) and the copy of the will provided by the attorney.
6. If administration of the estate is going to be lengthy, request one or more partial distributions. Seek the University's share of the interest earned.
7. If John Carroll University is to receive a percentage or residue from the estate, request a copy of the estate inventory which is ordinarily available 90 days after the will is admitted to probate. Also request the federal estate tax return, if any, and a final accounting.
8. Documents such as releases, waivers, and final accountings requiring the signature of a John Carroll University representative should be reviewed by University counsel and executed by the Vice President of Finance and Operations for John Carroll University.
9. On completion of the probate proceedings, provide all documents to the Business Office for handling of Fund set-up and management. Gift procedures provided elsewhere in these policies should be followed when applicable. Original documents will be maintained by the Advancement Office.

B. When John Carroll University learns of a known or possible bequest, the Director of Planned Giving should:

1. Start and maintain a bequest file and checklist.
2. When appropriate, send a letter of acknowledgment and appreciation to the donor. A copy of the acknowledgment letter goes in the donor's file. In the acknowledgment letter, the University should request a copy of that portion of the will pertaining to the gift to the University, explaining that sending a copy does not obligate the donor if he or she wishes to make a change.
3. The University should annually review all known and possible bequests, and make sure individuals have been visited in last 12 months.
4. Place bequest information in master file.

**Gift Acceptance Policies and Procedures  
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**Policy 10**

**Gifts of Charitable Trusts**

**Policy**

- A. In working with prospective charitable trust donors, care will be taken to assure that the person creating the trust fully understands that the trust is irrevocable and understands the nature of the payments that will be made to the trust beneficiaries. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant University development staff member will communicate clearly to the prospective donor that he or she represents the University.
- B. The University will not serve as a trustee. In certain circumstances the University may serve as a co-trustee.
- C. All charitable trusts entered into with the University must benefit the University and in every instance must benefit exclusively charitable, religious, or educational causes with values and objectives not inconsistent with those of John Carroll University.
- D. Gifts of any asset other than cash, unrestricted publicly traded securities, or readily marketable real estate will not be accepted as funding for charitable remainder annuity trusts or "straight" charitable remainder unitrusts. John Carroll University further will not accept a gift of non-liquid assets in trust if it is anticipated that cash overdrafts may occur in the account. The Vice President of Finance and Administrative Services for the University, in consultation with the Board's Finance Committee, must approve any exceptions, and, if exceptions are approved in the case of charitable trusts, the donor will be advised to seek legal counsel regarding the effect of a cash overdraft on the qualification of the trust, and will be urged to contribute sufficient liquid assets to the trust to cover all costs relating to holding the property until it is sold.
- E. Donors of all split-interest gifts shall be requested to provide the tax basis of donated assets. For purposes of the tax reporting and trust accounting, John Carroll University shall rely on tax basis information provided by the donor. If no such information is provided, the University shall assume that the tax basis of the donated asset is zero dollars (\$0).
- F. All charitable trusts shall be approved by the Vice President of Finance and Administrative Services. Only the Vice President of Finance and Administrative Services for the University shall have the authority to sign charitable trusts on behalf of the University.
- G. With respect to charitable remainder trusts, the value of the charitable remainder (regardless of the amount of the charitable deduction) must be at least 10% of the net fair market value of the property transferred to the trust on the date of the contribution.
- H. Annual information in the form of IRS Schedule K-1 or substitute K-1 and necessary supplemental information will be provided by John Carroll University to donors in a timely manner.
- I. Charitable Remainder Unitrusts
  - 1. The minimum initial gift to fund a Charitable Remainder Unitrust shall be cash, publicly traded securities or readily marketable real estate with a value of at least \$25,000. Subsequent additions to the unitrust may be made at any time unless the trust agreement provides otherwise. The percentage to be paid by the unitrust to the donor or to the donor's designee(s) shall be approved by the Vice President of Finance and Administrative Services. In no event shall the rate be less than five percent (5%). Representatives of John Carroll University will discuss appropriate charitable remainder trust variations with donors, including "straight," "net income," "net income with make-up," and "flip" unitrusts.

2. John Carroll University will accept unitrusts that last for no more than two measuring lives, for a selected term of years with a term of no longer than 20 years, or an appropriate combination of both.

J. Charitable Remainder Annuity Trusts

1. The minimum initial gift to fund a Charitable Remainder Annuity Trust shall be cash, publicly traded securities, or readily marketable real estate with a value of at least \$25,000. No additions to the annuity trust may be made at any time. The annuity amount to be paid annually by the annuity trust, to the donor or to donor's designee, shall be approved by the Vice President of Finance and Administrative Services for the University. In no event shall the rate be less than five percent (5%).
2. John Carroll University may accept annuity trusts that last for no more than two measuring lives, for a selected term of years if such term is no longer than 20 years, or for an appropriate combination of both.

K. Charitable Lead Trusts

1. The minimum initial gift to fund a Charitable Lead Trust (either a lead unitrust or a lead annuity trust) shall be cash, publicly-traded securities, or readily marketable real estate with a value of at least \$25,000. Subsequent additions to the lead unitrust may be made at any time subject to the approval of the Vice President of Finance and Administrative Services for the University. No additions are permitted to a lead annuity trust.
2. The percentage to be paid annually by the lead trust to the charitable designee shall be approved by the Vice President of Finance and Administrative Services for the University.
3. John Carroll University may accept lead trusts of any length or term, whether they are measured by lives or by a term of years.

L. John Carroll University may recover its direct and indirect expenses incurred in managing the trust assets and the trust.

M. John Carroll University may hire attorneys, accountants, agents, investment advisors, investment managers and brokers whose services are reasonably necessary to the administration of the trust estate, and it may delegate acts that are merely mechanical or ministerial, although discretion with respect to investment authority may not be delegated without specific authorization in the trust instrument.

N. As a general rule, the initial corpus of a charitable trust should be conveyed to the trust simultaneous with the execution of the trust by the donor.

O. Revocable trusts may be established for various reasons. They are revocable and, therefore, changeable in nature. Revocable living trusts are commonly utilized as part of an estate plan. Sometimes the trustor(s) will establish a revocable trust, retaining the possibility of being able to gain access to those funds in the future when emergencies or extraordinary costs are encountered. A revocable charitable trust has a prominent charitable purpose and is designed to provide for an ultimate gift of real estate, cash or other property. Since the property may be returned if needed later, there are no current income tax advantages to a revocable trust plan. At the trustor's passing, title passes under the terms of the trust agreement. Property in a revocable trust passing to charity is eligible for the unlimited charitable estate tax deduction. The income from a revocable trust during the trustor's lifetime may be paid to the trustor, another person, or a charitable organization as the trustor may direct.

## Procedures

A. When John Carroll University enters into a Trust Agreement, Planned Giving should:

1. Prepare and have donor sign duplicate originals of:
  - a) Trust Agreement (both returned to the University for the signature of the Vice President of Finance and Administrative Services)

- b) Attorney disclaimer letters if the donor(s) did not consult with a professional advisor (attorney or CPA) in the gift planning process (donor keeps one and returns other to the University)
  2. Prepare and have donor(s) and life income recipient(s) sign a W-9, to verify Social Security numbers.
  3. Return to donor(s) a signed original of the Trust Agreement. Send donor(s) gift receipt meeting Internal Revenue Service substantiation requirements.
  4. Prepare and send thank you letter signed by the Vice President of Finance and Administrative Services for the University to donor. A copy of the letter should be made for Trust File. Unlike most other gifts, the Internal Revenue Service substantiation requirements do not require formal substantiation of contributions to charitable trusts.
  5. Prepare and send thank you letter to any professionals assisting with gift. A copy of the letter should be made for Trust File.
  6. Assure that all transfer documents, such as stock powers and deeds, are properly handled, and that deeds for real estate are timely and properly filed in the appropriate deed records.
  7. Carefully review trust instrument for unusual and specific provisions such as the unitrust or annuity amount, payment dates (e.g., quarterly, etc.) and accounting requirements.
  8. Provide completed gift information form and full set of documents (including Trust Agreement, Crescendo analysis and W-9) to Business Office for accounting Trust File.
  9. Provide gift information form to the Records Room for donor file.
- B. Fund Administration should:
1. Carefully review trust instrument for unusual and specific provisions such as the unitrust or annuity amount, payment dates (e.g., quarterly, etc.), and accounting requirements.
  2. Recheck Crescendo tax calculations concerning trust.
  3. Recheck the cost basis and holding period for each asset transferred to the trust.
  4. Add trust information to Fund Administration system.
  5. Provide information to Vice President for Finance and Administrative Services or designee for John Carroll University and for review.
  6. Set up Permanent Trust File.
- C. During life of trust, Finance and Administrative Services should :
1. Set up distribution checks and statements according to controlling documents.
  2. Notify University Advancement Office when payment is made to recipient so the John Carroll University staff member who worked with donor can send an acknowledgement letter.
  3. If payments are made or deposited directly to bank, send letter to income recipient(s) and donor(s) (if different) at time of first payment, prepared and signed by John Carroll University staff member who worked with donor and opened gift, advising of transaction.
  4. Separate for accounting purposes each trust's property from the University's own property and property of other trusts. Joint investments with the assets of other trusts and with endowment assets may be allowed, but each trust's interests must be kept separate for accounting purposes, and such commingling may only occur if authorized by each relevant trust document or other governing document.



5. Preserve and protect trust property for the benefit of John Carroll University, and assert reasonable care to make trust property productive.
  6. Maintain separate accounts and tax records for each trust account.
  7. Accurately allocate University's fixed costs and direct costs of each trust in order to avoid "nonqualified additions" to each trust.
  8. Monitor trust funds, fair market value of assets, and income earned.
  9. Prepare and send K-1 or substitute K-1 annually.
- D. During life of trust, Director of Planned Giving should:
1. Enclose personal note or letter to income recipient(s) and donor(s) (if different) at least once per year.
- E. Upon death of first income recipient:
1. Finance and Administrative Services and Planned Giving Offices should be notified.
  2. Planned Giving Office should obtain a copy of the death certificate.
  3. Advancement Office should send note of sympathy to loved ones drafted and signed by Advancement staff.
- F. Upon death of second income recipient:
1. Finance and Administrative Services and Director of Planned Giving should be notified.
  2. Obtain death certificate, obituary or service bulletin.
  3. Take appropriate steps to restructure the gift in accordance with trust.
  4. Send note of sympathy and appreciation to heirs and loved ones, drafted and signed by the Advancement staff.

**Gift Acceptance Policies and Procedures  
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**Policy 11**

**Gifts of Charitable Gift Annuities**

**Policy**

- A. In working with prospective gift annuity donors, care will be taken to assure that the person entering into the annuity fully understands that the annuity gift is irrevocable and understands the nature of the fixed payment which will be payable to them. All prospective donors will be urged to seek advice of their own legal and/or tax counsel. The relevant University staff member will communicate clearly to the prospective donor that he or she represents John Carroll University.
- B. The University supports both charitable gift annuities and deferred charitable gift annuities.
- C. All gift annuities entered into with the University must predominantly benefit the University and in every instance must benefit exclusively charitable, religious, or educational causes.
- D. No gift annuity will be entered into for an amount less than \$10,000.
- E. Gift annuities will be funded only with cash, cash equivalents, or publicly traded securities.
- F. John Carroll University maintains the right to set its own gift annuity rate, however, it is the policy of John Carroll University to adhere to the rates recommended by the American Council on Gift Annuities.
- G. Gift annuity donors in Ohio will be reminded in correspondence or conversations with them and their advisors that a qualified charitable gift annuity is not insurance under the laws of the State of Ohio nor is it subject to regulation by Ohio Department of Insurance, nor is it protected by a guaranty association affiliated with Ohio Department of Insurance. Most specifically, this information will be in the gift annuity document in a type and format to be at least as large and as obvious as the other language in the gift annuity. All requirements in other states will be addressed with similar care as to compliance with local law.
- H. All gift annuity donors shall be requested to provide the tax basis of donated assets. For purposes of tax reporting and gift annuity accounting, John Carroll University shall rely on tax basis information provided by the donor. If no such information is provided, the University shall assume that the tax basis of the gift asset is zero dollars, and the donor shall be so advised in writing.
- I. John Carroll University will provide gift receipts meeting Internal Revenue Service substantiation requirements for gift annuity gifts.
- J. Finance and Administrative Services is responsible for the oversight of the annual information in the form of IRS Form 1099-R and necessary supplemental information will be provided to University donors by January 31<sup>st</sup> of each and every calendar year with regard to the filing of federal income tax returns (and state and local income tax returns where necessary).
- K. Finance and Administrative Services is responsible for the annual review of the procedures for and maintenance of individual state registration for the issuance of gift annuities.

**Procedures**

- A. When John Carroll University enters into Charitable Gift Annuity agreement, the Director of Planned Giving should:
  - 1. Prepare and have donor sign duplicate originals of:

- a) Gift Annuity Agreement (both returned to the University for the signature of the Vice President of Finance and Operations)
    - b) Disclosure letter with a copy of the most recent annual report (donor keeps one copy and returns other to the University)
    - c) Attorney disclaimer letters if the donor(s) did not consult with a professional advisor (attorney or CPA) in the gift planning process (donor keeps one and returns other to the University).
  2. Prepare and have donor(s) and life income recipient(s) sign a W-9, to verify Social Security numbers.
  3. Return to donor(s) a signed original of the Gift Annuity Agreement.
  4. Send donor(s) gift receipt meeting Internal Revenue Service substantiation requirements.
  5. Prepare and send thank you letter signed by President of University to donor. Copy of letter should be made for Gift Annuity File.
  6. Prepare and send thank you letter to any professionals assisting with gift. Copy of letter should be made for Gift Annuity File.
  7. If approved by donor, prepare and send letter informing remainder beneficiary (ies) of gift. Copy of letter should be made for Gift Annuity File.
  8. Provide completed gift information form and full set of documents to Fund Administration for Gift Annuity File.
  9. Provide gift information form to the Advancement Office for input into the database.
- B. Fund Administration should:
1. Add gift annuity information to payment management system for the University.
  2. Recheck all Crescendo illustrations and payout information.
  3. Provide information to the VP for Finance and Administrative Services or designee for John Carroll University Records and for verification.
  4. Provide information to Finance and Administrative Services for the Permanent Gift Annuity File.
  5. During life of annuitant(s), Fund Administration should be handled by the payment management system.
  6. With a two-life annuity, note death of first to die in appropriate files.
- C. During life of annuitant(s), Planned Giving should:
1. Enclose personal note or letter to donor(s) and annuitant(s) (if different) at least once per year.
  2. With a two-life annuity, send note of sympathy to appropriate parties on death of first annuitant.
- D. During life of annuitant(s), Accounting should:
1. Adjust the books annually for Annuities Payable – Beneficiaries for the funds that will not remain with the university upon the death of the last annuitant.
- E. Upon death of last annuitant, Advancement representative should:
1. Obtain death certificate, obituary or service bulletin.

2. Take appropriate steps to restructure the gift in accordance with gift annuity and final fund distribution.

F. Upon death of last annuitant, Planned Giving should:

1. Send note of sympathy and appreciation to heirs and loved ones.
2. If ongoing distributions are to be made through an endowment fund, send letter to remainder beneficiary (ies) at time of death and/or with first payment depending on payment schedule.

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John Carroll University**

**Policy 12**

**Gifts of Life Insurance**

**Policy**

- A. John Carroll University will accept two types of life insurance gifts:
  - 1. Gift of a paid-up insurance policy;
  - 2. Gift of a new or existing insurance policy, for which the donor intends to continue making payments so that the policy does not lapse.
- B. In either case, the donor must name the University as both the owner and the beneficiary of the insurance policy.
- C. John Carroll University will make payments on a policy if the donor makes annual gifts at least equivalent to the amount of the premium. University is under no obligation, but may continue to pay the premiums if the donor does not make an equivalent annual gift.
- D. John Carroll University never recommends agents or agencies and never endorses insurance programs. Those considering gifts of new insurance are urged to survey the market by reviewing the products of a number of companies.

**Procedures**

- A. Upon acceptance of a life insurance gift, the University will provide an acknowledgment to the donor meeting Internal Revenue Service substantiation requirements.
- B. A life insurance gift is a non-cash gift and should be reported by the donor on IRS Form 8283 if the donor claims a charitable deduction of \$500 or more. Upon presentation and acceptance of the gift, however, the University will sign the Donee Acknowledgment for such gift contained in Form 8283, if requested to do so by the donor. If John Carroll University sells, exchanges or otherwise disposes of any property for which it has signed a Donee Acknowledgment within two years of the date the University received the gift, the University shall file Form 8282, Donee Information, with the Internal Revenue Service, with a copy to the donor, disclosing that fact and such other information as the Internal Revenue Service may require.
- C. Follow appropriate Gift Acceptance Policy and Procedures for type of gift the life insurance is funding.

**Gift Acceptance Policies and Procedures  
of  
John Carroll University**

**Policy 13**

**Gifts of Retirement Plans/IRA Benefits**

**Policy**

John Carroll University may be named as a primary, secondary, partial, or contingent beneficiary of a retirement plan or IRA.

**Procedures**

- A. John Carroll University should ensure that the beneficiary designation form for a retirement plan or IRA payable to the University and/or to a charitable trust of which the University is a beneficiary is properly worded.
- B. Upon the donor's death, University will instruct the plan or IRA trustee to make the distribution in cash rather than in-kind.

**Gift Acceptance Policies and Procedures  
of  
John Carroll University**

**Policy 14**

**Gifts of Life Estate Agreements**

**Policy**

- A. Remainder interest gifts in personal residences will not be accepted without the approval of the Vice President of Finance and Administrative Services of the University.
- B. John Carroll University may enter into a life estate agreement on a vacation home, farm, ranch, or other real property interest that the Vice President of Finance and Administrative Services of the University deems suitable, beneficial, or advisable for use or investment by the University. The minimum fair market value of the property must be at least \$25,000 at the time of the gift. In general, a life estate agreement should not be entered into for more than two measuring lifetimes.

**Procedures**

- A. Prior to acceptance of any life estate agreement entered into with respect to real property, the policies and procedures concerning real estate gifts in general shall be followed.
- B. Donors must sign a "Life Estate Agreement" with the University that clarifies their responsibilities for property repairs, taxes, insurance, environmental liabilities and other expenses.
- C. Upon acceptance of a life estate agreement, John Carroll University will provide an acknowledgment to the donor meeting Internal Revenue Service substantiation requirements.

**Gift Acceptance Policies and Procedures  
of  
John Carroll University**

**Policy 15**

**Gifts of Endowment**

**Policy**

- A. Endowment funds are created by donors that are to be retained and invested for income producing purposes. Income from the endowments can be restricted or unrestricted based on the donor's direction.
- B. In working with prospective donors, care will be taken to assure that the person creating the fund fully understands that the fund is irrevocable and the process by which payments will be made to programs, scholarships, departments, and faculty within the University.
- C. All prospective donors will be urged to seek advice of their own legal and/or tax counsel.
- D. All endowment agreements entered into with the University must benefit the University in every instance.
- E. Distributions from endowed funds will be made from net income to specific programs. In the event the specific program no longer exists, every effort will be made to distribute the income to another program that would most closely comply with the donor's original wishes and intent with respect to the gift.
- F. The Board of Directors retains the right to set spending guidelines for endowments.
- G. The minimum amount required establishing an endowment fund or named endowment is \$50,000.

**Procedures**

When John Carroll University enters into an Endowment Fund Agreement:

- A. Prepare and have donor sign duplicate originals of the Endowment Fund Agreement. Both originals are returned to the University for signature of the Vice President of Finance and Administrative Services.
- B. Return to donor(s) a signed original of the Endowment Agreement.
- C. Send donor(s) gift receipt meeting Internal Revenue Service substantiation requirements.
- D. Prepare and send thank you letter signed by President of University to donor. Copy of letter should be made for the Donor File.
- E. Prepare and send thank you letter to any professionals assisting with gift. Copy of letter should be made for Donor File.
- F. Provide completed gift information form and full set of documents to Business Office for the permanent File.
- G. Provide endowment guidelines to University leaders affected by the gift.
- H. Provide gift information to the University Advancement Office for input into the database.



## **Addendum**

In a Limited Partnership, one or more "general" partners manage the business while "limited" partners contribute capital and share in the profits but take no part in running the business. General partners remain personally liable for partnership debts while limited partners incur no liability with respect to partnership obligations beyond their capital contributions.

Split interest gifts typically involve some asset that can generate income, such as land that can generate rental income or financial investments that generate interest income. Split-interest gifts give one party income during the period of the trust, while another party maintains full ownership of the income-generating property when the trust ends. The interests in the trust are divided among the charity, donor, and sometimes other beneficiaries.

### **Gift Acceptance Policies - Policy 7 Gifts of Tangible and Intangible Personal Property**

#### **Appendix A**

#### **Gifts of Art Acceptance Guidelines**

John Carroll University's ("JCU") Gift Acceptance Policies and Procedures – Policy 7 covers the receipt of gifts of Tangible Personal Property, which includes gifts of fine art work (Policy 7 attached hereto). This "Appendix A" offers guidelines for the acceptance of gifts of fine art work.

Gifts of fine art work to JCU can be a valuable philanthropic vehicle for gifting to JCU and also be of significant intrinsic and educational value. Gifts of fine art work require collaboration among several elements of the campus community. To help bring these elements together, the JCU Gift Review Committee ("GRC") will be the lead advisory group guiding JCU in the decision to accept a gift of fine art work.

JCU recognizes that gifts of fine art work include an obligation to ensure the conservation, preservation and security of its art works. This obligation must be tempered by the availability and efficient use of limited resources. The following guidelines will be used in considering the acceptance of gifts of fine art work:

#### **Acceptance Considerations**

1. The aesthetic or historical significance of the art object and its usefulness for exhibition, teaching, scholarly study or sale.
2. The object's physical condition and quality.
3. Whether the piece complements and advances the mission of JCU.

4. Whether JCU has the facilities and other resources required to care for and safeguard the object properly such as proper storage space and curatorial resources. It must also consider the cost of recording, cataloguing, insuring, displaying and maintaining the works it accepts.
5. Ideally gifts of art should come without restrictions, and major gifts should ideally be accompanied by endowed funds for the display, care and maintenance of the piece.

### **Acceptance Process**

- 1) All donation inquiries for the gifts of fine art work should be directed to the JCU – Senior Director of Major and Planned Gifts who will collect the necessary information regarding gifting issues (i.e. policy, tax, requested restrictions, etc.)
- 2) The JCU - Senior Director of Major and Planned Gifts will compile necessary information and present it to the GRC for acceptance consideration.
- 3) The GRC will determine whether accepting the gift of fine art work is in the best interests of the mission of John Carroll University and will notify the JCU - Senior Director of Major and Planned Gifts of their decision. The JCU - Senior Director of Major and Planned Gifts will then communicate the decision with the prospective donor.

### **Donor Responsibilities**

It is the responsibility of a prospective donor desiring a tax deduction to obtain an independent appraisal per applicable IRS guidelines and for submitting all necessary paperwork to governmental tax agencies.

All approved donated object(s) are to be accompanied by an appropriate written confirmation of title transfer. Title to all objects acquired should be obtained free and clear of any restrictions as to use, accession or future disposition, or encumbered by conditions set by the donor.

### **Restrictions which tend to preclude acceptance**

- 1) Uncertain legal title and provenance.
- 2) Conditions of perpetual exhibition or ownership.

Special care or storage conditions taxing university resources

**Comprehensive Campaign Gift Accounting Policies**  
**March 2010 Addendum to Gift Acceptance Policies**  
**Adopted by the**  
**John Carroll University**  
**Board of Directors in December 2006**

John Carroll University ("JCU") will embark on a broad-based comprehensive campaign that may include gifts from all commonly accepted giving vehicles, i.e. gifts of cash, marketable securities, closely held stock, real property, tangible personal property, deferred life income plans, charitable trust gifts, remainder interests in residences, life insurance, bequest and other testamentary gift intentions, gifts-in-kind, and private grants.

This document establishes the internal policies and crediting guidelines concerning the acceptance and valuation of gifts, pledges and planned gifts to the campaign. These policies are based on the 2004 Council for Advancement and Support of Education (CASE) Campaign Standards and internal JCU policies.

All gifts and pledges to JCU during the campaign reporting period of December 1, 2009 through June 30, 2015 will be credited to the campaign subject to the following policies:

1. Grants from private, non-government sources will be reported, provided there is no contractual quid pro quo obligation on the part of JCU.
2. Publicly traded securities will be treated as cash gifts and recorded at the mean of the high and low prices on the date of the gift.
3. Gifts of closely held stock will be reported at the fair market value determined by a qualified independent appraiser.
4. Gifts of real estate must be approved by the JCU Gift Review Committee ("GRC"). Approved gifts will be counted at their full fair market value as substantiated by a qualified appraisal.
5. Gifts of tangible personal property, including works of fine art work, valued at \$5,000 or more will be reported at their full fair market value as substantiated by a qualified appraisal and subject to approval by the GRC.
6. Gifts of tangible personal property valued at less than \$5,000 will be counted at their full fair market value as substantiated by the GRC.
7. Paid-up life insurance policies will be counted at the cash surrender value, and reported as a current outright gift if any policy premiums will need to be paid. Cash contributions made to JCU to continue premium payments on policies that are not paid up will be counted as current gifts. JCU must be the owner and irrevocable

beneficiary of the policy, except in the case of gifts of life insurance by a donor who enters into a gift agreement with JCU to assure premium payments during his/her lifetime.

8. Realized bequests will be reported as cash gifts upon the receipt of the payment unless the bequest expectancy was counted in a previous campaign.
9. The projected income from a lead trust will be reported as a pledge. The first five years will be recorded at their full value, with the remaining years discounted to net present value.
10. The payment period for individual pledges should not exceed five years. Exceptions must be approved by the GRC.

#### 11. Deferred Gifts

- a. Irrevocable life-income gifts will be reported in campaign totals at their net present value.
- b. Revocable life-income gifts will be counted in campaign totals at net present value provided the donor provides written confirmation of intent and sufficient information to place the dollar value of JCU's expectancy.
- c. Irrevocable testamentary commitments will be reported in the campaign at the net present value, e.g. irrevocable trusts/trust life interest, remainder trust, unitrust, or annuity trust.
- d. Bequest intentions and death benefit designations (e.g., life insurance or retirement plan for which JCU is listed as a beneficiary) will be counted in the campaign total at their net present value, provided the donor provides sufficient written, signed documentation with information to place a dollar value on JCU's expectancy.
- e. A gift of a remainder interest in a residence or farm will be counted at net present value.
- f. For donor recognition purposes, deferred gifts may be recognized at their face value for donors.

#### 12. Gift Crediting

- a. Gifts or pledge payments made on behalf of individuals through personal foundations or privately held companies will be receipted to the foundation or company per IRS regulations with campaign credit issued to the individuals as appropriate.
- b. Matching gifts contributed by organizations and corporations in response to gifts

made by individual donors to the campaign will be counted in the campaign total and credited to the individual whose gift prompted the match.

13. Exclusions

- a. Payments on pledges counted in previous campaigns.
- b. Government grants.
- c. Gifts of service.

14. The value of any canceled or unfulfilled pledges will be subtracted from campaign totals when it is determined that they will not be realized.