

**Gift Acceptance Policies
Catholic Diocese of Rockford**

Rockford, IL

Revised March 2011

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 to any of its affiliated entities, collectively and individually known henceforth in this document as Diocese.

The mission of the Diocese 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 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. 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 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 as Trustee
- c. review of all gifts involving contracts, such as bargain sales or other documents requiring the Diocese 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 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 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. 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.

V. Memorial Gifts

Everyone is encouraged to make memorial gifts to the Diocese, especially at or following funerals, in memory of friends and loved ones and also to remember same by Will. The most useful gift is an undesignated gift to an existing Memorial Fund of the Diocese. A Memorial Fund is a general fund or funds established for the purpose of accepting and holding undesignated memorial gifts. A Memorial Fund may exist as a Diocesan Investment and Loan (DIAL) savings account, it may exist as an endowed account in The Catholic Foundation for the People of the Diocese of Rockford, or it may be held in a combination of both.

1. It is suggested that memorial gifts be made without designation for a specific use. For example, "In memory of _____." (without any additional designation.)
2. If the donor of a memorial gift wishes to specify the fund to which the gift is to be applied, it is suggested that the gift be designated for addition to the (name fund or funds here). For example, "In memory of _____, to be an endowed gift and placed in the general parish endowment that exists in The Catholic Foundation."
3. If the donor wishes to specify a purpose other than one covered by an existing fund, such as "In memory of _____, to be used for tuition assistance for students in the religious education program" or "In memory of _____, to be placed in a permanent endowment in The Catholic Foundation in which the earnings are used to provide funds for building additions and maintenance of the (entity name)'s physical plant" it is suggested that the donor consider that unless the gift is in a sufficient amount to accomplish the purpose for which it was intended, the donation could languish in the newly created fund until enough money can be raised to accomplish the purpose. In such cases, it may be best to let the administrator decide to make some other use of the funds. It is suggested that persons who wish to establish a new fund confer with the entity's administrator before making a gift.

If accepting a gift for a purpose other than one covered by one of the existing funds of the Diocese, the entity will be guided by the following guidelines:

1. Determine the appropriateness of the gift to accomplish the short or long-term goals of the entity and whether the amount of the gift is sufficient to completely fund the designated purpose.

2. If determined that the amount does not completely fund the designated purpose, whether there is any likelihood that an additional amount sufficient to accomplish such purpose may be available within a reasonable period of time.

VI. Gifts by Will

It is especially important that persons making gifts by Will to the Church give serious consideration to the above suggestions.

Undesignated gifts may be made to “(legal name of entity, city, state (U.S.A.).” Gifts to an existing fund may be made for example “to The Church of St. Mary of the Assumption, Maple Park, Illinois, (U.S.A.), to be added to the general parish endowment fund of said parish that exists in The Catholic Foundation.” Memorial gifts also may be made by Will, for example, “to Holy Cross Church, Batavia, Illinois, (U.S.A.), in memory of _____.”

The administrator of the entity will be glad to confer with anyone considering a gift by Will to the Church, or with the attorney drafting the Will. Persons wishing to make gifts to an entity by Will, or their attorney, are strongly encouraged to first discuss the proposed gift with the administrator of the entity or the diocesan director of planned giving, so that the gift may be properly designated to insure that the goal of the donor is accomplished.

VII. ADMINISTRATION OF MEMORIAL GIFTS AND GIFTS BY WILL

1. Undesignated Gifts

Undesignated memorial gifts, and undesignated gifts by Will, will be accumulated in a general memorial fund, with a notation of the giver and the person memorialized. At least twice a year, the entity’s business manager or bookkeeper will advise the administrator on the amount of memorial gifts and the amount of gifts by Will in the fund. The administrator then, in consultation with financial leadership shall decide in what manner to use the funds, in the furtherance of God’s work and the great ends of the Church.

2. Gifts to Existing Funds

At least twice a year, the entity’s business manager or bookkeeper will advise the administrator of the amount of memorial gifts made to each fund, and the amount of gifts by Will made to each fund. These additions shall be administered in the same manner as the other monies in those funds.

3. Gifts for Funds that do not exist or for a purpose for which there is no Fund

Upon receipt of a gift to a fund that does not exist or for a purpose for which there is no fund, the administrator shall advise the donor that parish policy is to direct gifts to existing funds consistent with the provisions of this policy. If the donor does not wish to make the donation to an existing fund, the administrator in consultation with financial leadership shall make the decision. In making its decision the administrator may consider those items outlined in the section labeled “Memorial Gifts” above. The administrator may then choose

to establish a new fund, have additional discussions with the donor, decline to accept the gift or take other appropriate action.

4. Requests for specific use of undesignated Memorials

Requests from family of a deceased member within 30 days of the death for a specific use of undesignated memorials made in the name of such deceased member shall be referred to the administrator. The administrator in consultation with the entity's financial leadership is charged with the responsibility for choosing the most appropriate manner for handling such requests. If the administrator is unable or unwilling to make a decision, the matter shall be referred to the director of the Diocesan Department of Financial and Administrative Services for a determination.

5. Disclosure

Ordinarily, the amount of memorial gifts and gifts by Will, will not be disclosed, but the names of the persons making the gifts, and in whose memory they were given, will be made known. In the case of memorial gifts, the name of the giver and the person in whose memory the gift was given will be sent to the family of the person memorialized as soon as possible after the gift is received.

VIII. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

- The Vicar General and Moderator of the Curia
- The Director for the Department of Financial and Administrative Services
- The Director of the Office 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, 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.

IX. 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.

3. **Securities:** The Diocese 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.

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. However, gifts must be reviewed prior to acceptance to determine that:

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

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 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 requires an initial on-site environmental inspection of the property to ascertain if the property may have been subject to environmental contamination. Inspection forms are contained in the Real Estate Acceptance Policy & Procedures document. In the event that the initial on-site inspection reveals a potential problem, the Diocese shall retain a qualified inspection firm to conduct a Phase 1 and possibly Phase II environmental survey(s). In cases where contamination is suspected, the cost of the environmental survey(s) shall be at expense of the donor. If the donor has written documentation that a prior environmental survey was completed, and they provide this to the Diocese, the Diocese may choose to waive the requirement for a new environmental survey.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and the Diocese's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Diocese 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 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 may use the property or reduce it to cash. Where the Diocese 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 any 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 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 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 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 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 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 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 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 may approve exceptions to this payment schedule.

The Diocese will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Diocese 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 remaining in that account, up to the amount of the original contribution, shall be transferred to the diocesan or other entity named by the donor in his or her agreement. The excess, if any, shall be placed in the Annuity Reserve Account in The Catholic Foundation.

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

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

12. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Diocese 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 shall be encouraged to make bequests to the Diocese under their wills and trusts. Such bequests 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.

14. **Life Insurance Beneficiary Designations:** Donors and supporters of the Diocese shall be encouraged to name the Diocese as beneficiary or contingent beneficiary of their life insurance policies. 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.

X. *Miscellaneous Provisions*

- A. **Securing appraisals and legal fees for gifts to the Diocese:** It shall be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts to the Diocese.
- B. **Valuation of gifts for development purposes:** The Diocese 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 will be responsible for following the most current instructions for and filing IRS Form 8282 upon the sale or disposition of any asset.

XI. *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 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, in compliance with the current IRS requirements in acknowledgment of such gifts, shall be the responsibility of the appropriate official of that receiving 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.
- 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.

XII. *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 in collaboration with the head official of the specific diocesan or parish entity involved.

XIII. 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 must approve and submit any changes to or deviations from these policies to the Bishop.

Approved on the _____ day of _____, 2011.

Signed _____
The Most Reverend Thomas G. Doran, Bishop of Rockford