

School for Advanced Research
Santa Fe, New Mexico
Gift Acceptance Policy

Approved by the Board of Directors 02.24.18

Gift Acceptance Policy

I. Purpose

The purpose of this statement is to articulate the policies of the Board of Directors of SAR (SAR) concerning the acceptance and recognition of charitable gifts to SAR. The Development Committee will adopt appropriate procedures to implement these policies including the guidelines for consulting as needed with experts in law and charitable gift planning, collections staff, as well as with the chair of the Finance Committee of the Board of Directors.

When a gift is offered with the expectation that it will be accessioned into any of the collections overseen by the Indian Arts Research Center (IARC), the Collections Management Policies of the IARC shall apply (see IX).

II. Responsibility to Donors

- A. General. SAR, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for SAR.
- B. Ethical Considerations. SAR shall conduct its charitable giving program in accordance with standards of accuracy, truth, integrity, and good faith.
 - i. Standards: SAR will adhere to principles outlined in the *Donor Bill of Rights*, as developed by the Council for Advancement and Support of Education (CASE) and other national organizations (included at the end of this policy). To emphasize the importance to SAR of this commitment, it shall be presented in writing and acknowledged by signature by the Director of Development and all development staff upon their hire.
 - ii. Confidentiality: All donors will be named in the Annual Report unless they specifically request anonymity. Otherwise, SAR shall hold in strict confidence all information regarding donors and prospective donors. Other than specifically outlined herein, SAR shall not publicly disclose a donor's identity, amount, and description of the gift or other conditions of a gift without first receiving permission from the donor. SAR does not sell, trade, or rent personal information. We may compile aggregate statistics about donors and provide them to third parties, however. Volunteers who work with donor information are required to sign a confidentiality statement.
 - iii. Anonymity. SAR shall respect the wishes of donors desiring to support SAR anonymously and will take reasonable steps to safeguard those donors' identity. Preferences regarding solicitation are also honored.
- C. Legal Considerations. SAR shall comply with all local, state, and federal laws and regulations concerning every charitable gift it encourages, solicits, or accepts. All disclosures, registrations, and procedures required by authorities (such as those required for gift acknowledgements, Charitable Gift Annuities and other arrangements) shall be made and /or followed in a thorough and timely manner.

- D. Disclaimer. Each prospective donor to SAR shall be informed that SAR does not provide legal, tax, or financial advice, and shall be encouraged to discuss all charitable gift planning decisions with his or her legal, financial, or tax advisor before entering into any commitment to make a gift to SAR.

III. Gift Restrictions

- A. Unrestricted Gifts. To provide SAR with maximum flexibility in the pursuit of its mission, donors will be encouraged to make unrestricted gifts to SAR.
- B. Types of Gifts. SAR accepts gifts including but not limited to the following: cash, marketable securities, pledges, life insurance, real estate, tangible personal property, intangible personal property, retirement plan assets, gift annuities¹ and trusts (including Charitable Remainder Trusts and Charitable Lead Trusts), and gifts made through donor-advised funds. Please see definitions and procedures section for details.
- C. Gift Allocations for Bequests. A minimum of 20% of undesignated, unrestricted bequests greater than \$100,000 will be used to fund the following year's operating budget. The balance goes to the general endowment or operating reserve fund for future years' operations. The Vice President for Finance and Administration shall recommend to the Finance Committee the apportionment of funds for subsequent approval by the Board of Directors.
- D. Appraisals. SAR may require an appraisal before accepting any gifts and may direct that it is paid for by donor.
- E. Budgeted Programs or Facilities. SAR may accept restricted gifts if SAR's approved budget for the year in which the gift is to be accepted includes funding for the specific program, purpose, or facility.

Subject to the prior approval of the Vice President for Finance and Administration, SAR may accept a restricted gift if SAR's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift.

- F. Variance Power. SAR will reserve the right, in the document that restricts the use of the gift, including named endowment funds (mentioned below), to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of SAR.

IV. Donor Recognition

- A. General. The Board of Directors, upon recommendation of its Development Committee, shall establish criteria for the recognition and honoring of a donor in the case of naming physical spaces on campus either as part of a general program, in a campaign, or on a case-by-case basis. Recognition levels and benefits for donors making annual gifts shall

¹ Donors may support SAR through charitable gift annuities issued on our behalf by the Santa Fe Community Foundation.

be made at the discretion of the Director of Development, in consultation with the Development Committee as needed.

- B. Buildings, Other Facilities, and Programs. Except in the case of naming opportunities which appear on a schedule approved by the Board of Directors in the context of a capital campaign, the development staff of SAR shall make no commitments to a donor concerning the naming of buildings, other facilities, or programs without the approval of the Board of Directors and upon recommendation of the Development Committee and the Director of Development.

V. **Named Endowment Funds**

- A. General. A donor may establish a named endowment fund, subject to the provisions of SAR's investment policy statement, which includes endowment spending policies, for general purposes of SAR or for restricted purposes approved in accordance with these procedures.
- B. Minimum Contribution. A named endowment fund requires a minimum commitment of \$100,000. SAR will also consider naming a program element through a "virtual endowment" which is funded through an irrevocable bequest combined with a pledge of annual gifts of a stipulated amount during the donor's lifetime.
- C. Administration of Named Endowment Funds. The assets contained within each named endowment fund shall be commingled for investment and administration with the endowment fund of SAR. All policies applied to those endowment funds, including the formula for spending from endowment funds, shall apply to all named endowment funds unless otherwise stipulated in the gift document.
- D. Termination of Named Endowment Fund. A named endowment fund may be terminated if the Board of Directors of SAR, upon recommendation of the President and CEO or the Vice President for Finance and Administration, determines that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named endowment fund shall be transferred to the general endowment fund of SAR to be administered pursuant to its terms.

VI. **Fiduciary Relationships**

- A. General. SAR will not serve as executor of a decedent's estate nor as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- B. Trusteeship. SAR may serve as trustee of charitable remainder trusts, provided that no less than 50% of the remainder interest in the trust is irrevocably dedicated to SAR, and the charitable remainder trusts meet the minimum standards established from time to time by the gift planning procedures of SAR. SAR may serve as trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. SAR will not

serve as co-trustee of a trust. If serving as a trustee, SAR must engage a firm experienced in charitable remainder trust administration and investment management.

VII. Commitment of SAR Assets

- A. Bargain Sale. Commitment of funds of SAR in a bargain sale transaction to acquire assets from a donor shall require approval of the Finance Committee and the Board of Directors if the amount of the purchase exceeds \$25,000; otherwise, prior written approval by the President and CEO and/or the Vice President for Finance and Administration is required. Such approval shall generally be restricted to situations in which the asset to be acquired is one which will be used by SAR in its program or which can be readily disposed of for cash within a reasonable time.
- B. Gift Annuities. SAR shall issue charitable gift annuities to donors, in exchange for their contributions, in partnership with the Santa Fe Community Foundation (SFCF). SFCF uses annuity rates published by the American Council on Gift Annuities (see MOU with SFCF attached).
- C. Partnership and Other Liabilities. SAR will not accept interests in partnerships or other investment entities exposing SAR to liability, including the obligation to provide capital contributions or other funding for the investment, without adequate indemnity from the donor to fulfill those obligations.
- D. Real Estate. While SAR encourages gifts of real estate, potential liability of SAR arising from real estate should be minimized pursuant to procedures to be recommended by the Development Committee and approved by the Board of Directors. Gifts valued at less than \$250,000 will generally not be considered.

VIII. Other Assets

- A. Other property of any description, including but not limited to mortgages, notes, rights of all types, royalties, and easements, whether real or personal, may be accepted only upon approval of the President and CEO and Vice President for Finance and Administration. If the value of the gift exceeds \$25,000, approval is needed by the Development and Finance Committees.

IX. Tangible Personal Property

- A. General. This policy applies to any tangible property offered as a gift, with the exception of art and cultural materials offered with the expectation that they may be accessioned into any of the collections overseen by SAR's IARC. The IARC collections policy, administered by the President and the Academic and Artistic Affairs Committee, shall apply to such exceptions. All non-IARC gifts of Tangible Personal Property with an anticipated value of Twenty-Five Thousand Dollars (\$25,000) or more must be approved by the President and CEO prior to acceptance.

- B. Restrictions as to Use. SAR will generally not accept gifts of tangible personal property with restrictions. Any agreement with a donor that tangible personal property will be held in perpetuity or restricted as to its use must be presented by either the AAA Committee or the Development Committee for the approval of the Board of Directors.

X. Real Property

- A. Real Property: All gifts of real estate, whether for use by SAR or sale, are subject to the approval of the Finance Committee and the full Board. No gift of real estate may be accepted without thorough evaluation of the costs and liabilities of ownership, including risks of marketability and environmental conditions.

XI. Intangible Property:

- A. Intangible Property: The Finance Committee must approve any gifts of intangible property.

XII. Life Insurance Policies

- A. Life Insurance Proceeds. Donors shall be encouraged to name SAR as a primary or contingent beneficiary of their life insurance policies, whether term or otherwise.
- B. Life Insurance Policies. SAR shall only accept ownership of a life insurance policy that is fully paid or if the donor commits in writing to making payments for at least ten years or until the balance of the premiums is fully paid.
- C. Recording the Gift. To be recorded as a gift, SAR must be named as both a beneficiary and owner of the life insurance policy. The amount of the gift for tax and recognition purposes is understood to be the appraised value of the policy, not its face value. SAR will also record payments of cash by the donor for use by SAR to pay premiums on the policy as gifts.

XIII. Reporting and Valuation Standards

- A. Reporting. For campaign and other reporting purposes, SAR shall use the Partnership for Philanthropic Planning Guidelines for Reporting and Counting Charitable Planned Gifts (www.charitablegiftplanners.org) that specifies that campaigns, of whatever duration, should be structured and fundraising activity reported in three categories--outright gifts, irrevocable gift commitments, and revocable gift commitments.
- B. Valuation of Planned Gifts. To evaluate SAR's planned giving program and to compare the relative value of various planned gift approaches, SAR shall utilize the National Committee on Planned Giving Valuation Standards for Charitable Planned Gifts.

XIV. Conflicts of Interest and Confidentiality

- A. When soliciting gifts to SAR, each staff and board member shall at all times act in a manner consistent with his or her responsibilities to SAR and shall exercise due care to

avoid situations that create conflicts between his or her private interests and those of SAR as provided in the conflict of interest policy adopted by the Board of Directors. In determining whether a potential conflict of interest exists, the fact that the situation could subject SAR to criticism, embarrassment, or litigation should be considered and discussed with the President and CEO who will refer the case to the Development Committee.

XV. Delegation

- A. Staff. Implementation of these policies is delegated to the Director of Development of SAR, who shall be responsible for oversight of the acceptance of all gifts by SAR.
- B. Development Committee. The Board of Directors shall delegate to its Development Committee the responsibility of approving the Gift Acceptance Procedures to implement these policies. The Director of Development, who shall be an *ex officio* member of that committee, may from time to time propose to the committee revisions to the procedures.

XVI. Approval of Exceptions

- A. Acceptance of gifts to SAR in a manner that is in any way inconsistent with this statement of policy must be approved in writing by the President and CEO. The Director of Development shall report such exceptions to the Board of Directors at its next regular meeting.

XVII. Periodic Review

- A. General. The Development Committee, of which the Director of Development shall be a member, shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of SAR with respect to acceptance of charitable gifts, and shall propose to the full Board of Directors for adoption those revisions that the Committee shall determine to be necessary or appropriate in order for the Statement of Policy to accurately reflect the policies of SAR.
- B. Specified Review. These policies shall be reviewed and ratified by the Board of Directors each time the Board determines that SAR will embark on a capital or other fundraising campaign. These policies shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by SAR, to assure continued compliance by SAR with the legislation and rules.

XVIII. Declination

- A. SAR reserves the right to refuse any gifts at any time for any reason and without any explanation.

DEFINITION OF TERMS

Bargain Sale is the sale of a good or service to a charitable organization for less than the fair market value of the good or service received. Bargain sales are often used by donors who wish to make a charitable donation to an organization in a form other than cash.

Charitable Gift Annuity means an irrevocable contractual arrangement between SAR and one or more donors whereby the donor makes a contribution to SAR in exchange for guaranteed annuity payments for the life of the donor or the joint lives of the donor and another individual, and SAR receives the remainder interest, outright and free and clear of trust.

Charitable Remainder Trust means an irrevocable trust that pays income, based on the value of property in trust, to a non-charitable beneficiary or beneficiaries for the life of the beneficiary(ies) or for a term of years, with an irrevocable remainder interest to SAR.

Charitable Lead Trust means an irrevocable trust that pays defined amounts of income to SAR, based on the value of the property held in trust, for a term of years or for the life of an individual or individuals, with the remainder passing to a non-charitable beneficiary or beneficiaries.

Deferred Gift means a gift whereby SAR receives a future interest in property. A Deferred Gift may be revocable or irrevocable.

Donor-Advised Funds, or DAF, is a charitable giving vehicle sponsored by a public charity that allows donors to make a contribution to that charity and be eligible for an immediate tax deduction, and then recommend grants over time to any IRS-qualified public charity.

Endowment Fund (also known as General Endowment Fund) is an investment fund established with the intent of being invested in perpetuity to provide income for continued support of a nonprofit organization. Endowments are typically structured so the principal amount invested remains intact, while investment income is available for immediate funding for use to keep a nonprofit company operating efficiently. For endowments structured so a portion of the principal is released for use each year, the donation has an impact over a longer period of time.

Intangible Property means property that may not be touched. The term represents ownership in an underlying asset. Intangible Property may or may not have a readily ascertainable value. An example if intangible property is intellectual property.

May is a discretionary power or authority.

Named Endowment Funds are special endowment funds created for a specific funding purpose or funding need, or in honor or tribute of an individual or family, in which the endowment fund is named as such. In many cases, the named endowment fund is restricted in which the endowment revenue may have limitations put in place by the donor to serve a specific purpose.

Planned Gift means any gift, other than an outright gift of cash. A Planned Gift often involves income and estate tax considerations.

Restricted Gift is a gift made by a donor that can only be used for a particular purpose, in a particular geographic area, or within a particular time frame.

Retirement Plan means a retirement plan that is qualified under Section 401 of the Code including but not limited to money purchase pension plans, profit sharing plans, 401(k) plans, 403(b) plans, pension plans, ESOP's, savings plans, and the like. The term "Retirement Plan" shall also include nonqualified plans, deferred compensation agreements, Individual Retirement Accounts (IRA's) and Individual Retirement Annuities.

Shall/Will is an expression of a duty, obligation, requirement or condition precedent; a command.

Tangible Property means property that may be touched. Tangible property generally will have a readily ascertainable value.

Unrestricted Gift is a gift made by a donor with no limitations as to its purpose, to its geographic area, or to be used within a particular time frame.

DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- 1) To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- 2) To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- 3) To have access to the organization's most recent financial statements.
- 4) To be assured their gifts will be used for the purposes for which they were given.
- 5) To receive appropriate acknowledgment and recognition.
- 6) To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- 7) To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- 8) To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- 9) To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- 10) To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of the Donor Bill of Rights in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.