

Acceptance Policies for Endowment Gifts
Adopted by Board of Trustees December 12, 2013

I. Purpose of Policies

The purpose of these policies is to provide a working document which serves as a guide for minimizing risk and maximizing the intended results of the Chatham Education Foundation's endowment building program. Specifically, it seeks :

- To support a program of asset development which encourages endowment gifts to further the Chatham Education Foundation's mission.
- To review opportunities for making planned gifts to permanently support the work of Chatham Education Foundation.
- To clarify the terms of gifts which the Board authorizes the endowment committee to accept on behalf of Chatham Education Foundation.
- To educate the Board on potential problems that may make a particular gift unacceptable.
- To delineate the administrative responsibilities of Chatham Education Foundation with respect to endowment gifts.

These policies do not embrace all areas in which judgment must be exercised. It is expected that additional policies and procedures will be added as appropriate.

Chatham Education Foundation's board must exercise sound judgment in handling situations not specifically covered in these policies. In view of the importance of endowment gifts to Chatham Education Foundation, those charged with attracting and maintaining them must be given wide latitude and, at the same time, must maintain the dignity and integrity of Chatham Education Foundation and the best interests of its donors. To that end, Chatham Education Foundation subscribes to the Donor Bill of Rights:

To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in Chatham Education Foundation, we declare that all donors have these rights:

- I. To be informed of the Chatham Education Foundation's mission, of the way the Chatham Education Foundation intends to use donated

resources, and of its capacity to use donations effectively for their intended purposes.

- II. To be informed of the identity of those serving on the Chatham Education Foundation's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to Chatham Education Foundation's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing Chatham Education Foundation will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of Chatham Education Foundation or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that Chatham Education Foundation may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

II. General Statement of Policy

Chatham Education Foundation has the responsibility to insure that any gifts it receives support its mission. Accordingly, Chatham Education Foundation reserves the right to refuse any gift that it believes is not in the best interests of Chatham Education Foundation and its constituents.

Chatham Education Foundation also recognizes that the principle basis for making a charitable gift should be a desire on the part of the donor to support the work of Chatham Education Foundation. No charitable gift, trust agreement, contract, or commitment may be urged upon any donor or prospective donor to benefit Chatham Education Foundation at the expense of the donor's intent.

III. Types of Gifts

Various types of gifts may be contributed to Chatham Education Foundation. Many may be outright gifts by living donors, either on a one-time or a periodic basis. Others may be deferred gifts that take effect upon the donor's death or at some future time. Chatham Education Foundation receives the following types of gifts:

- Cash (including cash equivalents, such as Certificates of Deposit and savings accounts)
- Marketable securities (stocks, bonds, U.S. government securities)

- Closely held stock (non-publicly traded securities)
- Real estate
- Life insurance policies
- Other property (works of art , furniture/equipment, precious metals, etc.)

IV. Purposes of Gifts

Gifts of any size are welcome. Gifts may be given for current expenditures or for endowment, although these policies are directed toward endowment gifts.

(a) Named Funds

Named funds may be established with an endowment gift of \$20,000 or more. In funds that are established with assets of \$20,000 or more, distributions will begin after one year to allow the fund to earn income and provide realized and unrealized gain.

(b) General-Purpose Endowment Gifts

Many people may choose to make unrestricted gifts to Chatham Education Foundation's Endowment Fund. In such cases, the net assets released are used for ongoing operating expenses or selected priorities that the Board chooses.

(c) Donor-Designated Endowment Gifts

Others may prefer to designate their gifts for one of the endowment's specific purpose funds:

- o School District grants (e.g. teacher, principal, district grants)
- o Term Endowment Funds (e.g. for a set period of time or when an event takes place, such as a significant reduction in NJ state aid to the school district)
- o Others

V. Acceptance of Gifts

(a) Gifts That the President May Accept

The Board of Directors authorizes the President to accept gifts for purposes consistent with the purposes and Bylaws of the Chatham Education Foundation if such gifts are in the following forms:

- o Cash
- o Marketable securities

- o Tangible personal property valued at \$500 or less

(b) Gifts Requiring Approval

Gifts requiring review and approval of the Board of Directors (or its authorized committee) include the following:

- o Gifts that have purposes that may fall outside the purposes and Bylaws of the Chatham Education Foundation
- o Life insurance
- o Closely held securities
- o Real estate (requires Board review; should not be delegated)
- o Other assets that may be unusual or fall outside the type of gifts usually handled by Chatham Education Foundation

Chatham Education Foundation shall seek legal and/or other professional counsel, as appropriate, in all matters pertaining to unusual gifts.

(c) Action to Accept Gifts

Contributions are recorded and deposited by finance personnel within 24 hours of receipt unless special circumstances warrant further review of the gift.

Gifts that require review will be handled promptly by calling a meeting of the Board of Directors and delivering all relevant information necessary to make a decision to Board members prior to the meeting. If a gift is not accepted, the endowment committee will notify the donor immediately. All gift reviews will be handled with confidentiality.

In certain instances (e.g. a gift on December 31), a decision regarding gift acceptance must be made immediately. In such a case, the endowment committee will contact all members of the Board of Directors immediately. If not all members can be reached, approval to accept the gift can be made by either the Chair of the Board of Directors or the Chair of the Endowment Committee. In the unlikely circumstance that neither of the above individuals can be reached, the President is authorized to accept such a gift if in his or her judgment there are no significant reservations. The President will report all such action to the Board of Directors on a timely basis.

(d) Gift Review Factors

Factors to be considered by the President and the Board of Directors in their review include:

- o The charitable intent and ultimate benefit to Chatham Education Foundation and its constituents
- o The nature of any restrictions
- o The permanency of the gift
- o The administrative costs of managing the gift asset
- o Potential for actual or perceived conflict of interest
- o Consistency with the mission, purposes, bylaws, and policies of the Chatham Education Foundation

VI. Disposition of Gifts

(a) All Gifts

It is the policy of the Chatham Education Foundation to convert all gifts to cash and reinvest that cash according to the Chatham Education Foundation's Investment and Spending Policies. If assets offered to the Chatham Education Foundation are illiquid and cannot readily be sold, acceptance of the gift may depend on whether, in the judgment of the Board of Directors, a buyer is likely to be found within a reasonable period of time. If a donor requests that the Chatham Education Foundation retain specific assets, the Board of Directors must decide whether acceptance and retention of the specific assets serves the purposes of the Chatham Education Foundation.

(b) Planned Gifts

The Board of Directors will direct all unrestricted gifts received as a result of planned giving to the Endowment Fund. Planned gifts that are donor designated will be used in a manner consistent with the donor's restriction. The Board of Directors, in keeping with the Chatham Education Foundation's Investment and Spending Policies, will allocate annual distributions from the Endowment Fund.

(c) Memorial Gifts

Unrestricted memorial gifts will be directed to the Endowment Fund.

VII. Gift Valuation

The Chatham Education Foundation shall follow existing laws and Internal Revenue Service regulations for the valuation of gifts. Donors of gifts of cash or cash equivalents will receive receipts that include the amount and date of the gift. Gifts such as stock, real estate, personal property, life insurance, etc. require specific methods of valuation for the protection of both the donor and the Chatham Education Foundation.

(a) Publicly Traded Stocks and Bonds are accepted at the fair market value as determined under Internal Revenue Service rules. They are acknowledged by receipt for the number of shares given and the value of the securities on the date of the gift.

1. The value of the gift is the median market price on the date of the gift multiplied by the number of shares. The median price is determined by adding the high and the low stock price and dividing by two. The date of the gift is the date when the donor made the gift (as opposed to when the Chatham Education Foundation received notification of it).

2. Once the gift value is determined, the development officer prepares an acknowledgement letter to the donor for signature by the President.

(b) Life Insurance Policies: If the Chatham Education Foundation is made the owner of a term insurance policy, a receipt without gift valuation which describes the policy will be issued to the donor. If an insurance policy has a cash value at the time of the gift, a receipt containing the policy descriptions and the amount of the policy interpolated terminal reserve as of the date of the gift will be issued to the donor. A receipt will be issued for the value of all gifts contributed by the donor to the Chatham Education Foundation for the purposes of paying the premiums.

(c) Stock in Closely-held Corporations, Real Estate, and Personal Property will be reviewed by the Board of Directors prior to acceptance. Receipt for such gifts will reflect description of the gift only, omitting valuation. In instances where Chatham Education Foundation issues a receipt with no financial valuation, the donor is required to establish the gift's value by independent appraisal. It is the donor's personal responsibility to defend against challenges to claims for tax benefits.

VIII . Gift Processing

(a) Contributions: Contributions are gifts of cash or other assets for which nothing of substantial value to the contributor is expected in return. These Acceptance Policies for Endowment Gifts cover contributions received through one of the planned giving vehicles described in Section IX.

(b) Gift Acknowledgement

Thank-you letters are prepared and sent to all contributors within two working days of receipt of the gift. The President signs acknowledgment letters to endowment donors. All such letters serve as a contribution receipt for the donor. Each letter will state either that no goods or services were received by the contributor in exchange for the gift or that goods and services were received by the contributor having a value of \$___. The notice of a bequest will be directed to the President. A letter of

condolence, signed by the President, will be sent immediately to the appropriate family member(s) .

The development chair will request a copy of the will, any codicils, and any petitions from the attorney. He or she will also check the Chatham Education Foundation's files to determine if the donor, at some earlier time, sent a copy of the will or the wording of the provision to the Chatham Education Foundation. An expectancy file will be created in the donor's name.

(c) Donor Recognition

Chatham Education Foundation realizes the paramount role of donors and their gifts in achieving its charitable purposes. Endowment Committee and Board members recognize donors in appropriate ways both publicly and privately, subject to the confidentiality provisions in Section XIII and the anonymous gifts provisions in Section VIII (d).

(d) Anonymous Gifts

A contributor's request to be anonymous will be honored and so noted in the contributor's file. If the name and address of the contributor is known, an acknowledgment letter will be sent which references the donor's request of anonymity.

IX. Planned Gifts

(a) Bequests

Bequests received by the Chatham Education Foundation will be applied to the charitable purposes requested by the donor. If no restrictions are specified, the Board of Directors will add the bequest assets to the Endowment Fund. Bequests of \$20,000 or more establish a permanent named fund in the donor's memory. The endowment committee will keep a file of expected bequests and will work with donors to insure that gifts intended to create a new fund meet with Chatham Education Foundation's purposes and its capacity to carry out the donor's wishes.

(b) Charitable Remainder Unitrusts, Charitable Remainder Annuity Trusts, and Charitable Lead Trusts

Chatham Education Foundation is an appropriate beneficiary of a charitable remainder unitrust (CRUT), charitable remainder annuity trust (CRAT), or charitable lead trust (CLT). The donor engages an independent trustee or serves as his or her own trustee; the Chatham Education Foundation does not serve as trustee. Because CRUTs, CRATs, and CLTs name the Chatham Education

Foundation as beneficiary of the charitable interest, it is important that the endowment committee work with the donor and the donor's counsel to insure that the Chatham Education Foundation will be able to carry out the donor's wishes. At the time of receipt of assets of \$20,000 or more, a permanent named fund is established.

(c) Life Insurance

The donor may give an insurance policy outright to Chatham Education Foundation. The donor names the Chatham Education Foundation as the owner and beneficiary of the life insurance policy and Chatham Education Foundation retains the policy in its offices. Alternatively, the donor may decide to retain ownership of the policy and name Chatham Education Foundation as the beneficiary. Upon redemption, a permanent endowed fund is established in the donor's name for gifts of \$20,000 or more. Premium payments may be made by the donor by direct payment to Chatham Education Foundation at least 10 days prior to the premium due date. Such payments are deductible by the donor as charitable gifts for IRS income tax purposes. Chatham Education Foundation cannot assume delinquent premium payments. In such instances, the policy will be canceled with the accrued cash value added to Chatham Education Foundation's Endowment Fund in the donor's name. Premiums may be paid from accrued dividends or the accumulated cash value if the donor so stipulates only when such accrued dividends or accumulated cash value are sufficient to pay in full all remaining premiums.

(d) Charitable Gift Annuities

Chatham Education Foundation may offer Charitable Gift Annuities through a local community foundation. The donor gives a gift of at least \$20,000 to the community foundation for its Endowment Fund in Chatham Education Foundation's name. The donor receives fixed and guaranteed income payments for the rest of his/her life and/or the life of a second person. Upon the donor's death (and that of the second person), Chatham Education Foundation's Endowment Fund receives the unused portion of the gift. [Note that some community foundations charge a fee to administer Charitable Gift Annuities.] Chatham Education Foundation's development chair meets with the donor and community foundation's endowment committee to complete the gift.

(e) Authority to Act on Behalf of the Chatham Education Foundation

The President is authorized to represent Chatham Education Foundation in facilitating charitable giving agreements with prospective donors and signs all such agreements on behalf of Chatham Education Foundation.

X. Chatham Education Foundation's Legacy Society

Chatham Education Foundation's Legacy Society is composed of individuals who have made plans to leave a gift to the Chatham Education Foundation through their estate plans. Every planned gift donor will automatically become a member of the Legacy Society. Members of the Legacy Society will be honored at appropriate special events and listed in the annual report.

XI. Professional Advisors

Chatham Education Foundation strongly encourages all donors to discuss proposed gifts with their legal and financial advisors. Prospective donors shall be advised, both orally and in writing, to seek their own counsel in matters related to charitable giving, tax, and estate planning. Likewise, Chatham Education Foundation shall seek the advice of an experienced attorney when considering the acceptance of unusual or complex gifts.

XII. Publicity

Any publicity associated with a gift by any donor will be in accordance with Chatham Education Foundation's Privacy Policy.

XIII. Confidentiality

Information concerning donors and prospective donors shall be treated in accordance with Chatham Education Foundation's Privacy Policy. Certain information such as size of estate and beneficiaries shall be kept strictly confidential by Chatham Education Foundation and its authorized personnel unless permission is granted by the donor to release such information.

XIV. Review and Amendment of Policies

These Policies will be reviewed bi-annually by the development and finance committees and may be amended by the recommendation of the finance or development committee and approval by the Board of Trustees.

XV. Legal Considerations

A. Compliance: Chatham Education Foundation shall comply with all local, state, and federal laws and regulations concerning all charitable gifts it encourages, solicits, or accepts. All required disclosures, registrations, and procedures shall be made and/or followed in a thorough and timely manner.

- B. Endorsement of providers: Chatham Education Foundation shall not endorse legal, tax, or financial advisors to prospective donors.
- C. Finder's fees and commissions: Chatham Education Foundation shall not pay fees to any person, company, or organization as consideration for directing a gift by a donor to Chatham Education Foundation.
- D. Legal, tax, and financial advice: Chatham Education Foundation shall inform prospective donors that it does not provide legal, tax, or financial advice, and shall encourage prospective donors to discuss all charitable gift planning decisions with their own advisors before entering into any commitments to make gifts to Chatham Education Foundation.
- E. Preparation of legal documents: Chatham Education Foundation shall not prepare legal documents for execution by donors. Chatham Education Foundation may provide model language, but shall strongly encourage prospective donors to have this language reviewed by their own counsel.
- F. Payment of fees: It will be the responsibility of the donor to secure an appraisal (where required) and to pay for the advice of independent legal, financial, or other professional advisors as needed for all gifts made to Chatham Education Foundation.
- G. Service as executor or living trust trustee: Unless approved in advance by the President, Chatham Education Foundation will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- H. Trusteeship: Chatham Education Foundation may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with Chatham Education Foundation's gift annuity program. Chatham Education Foundation may serve as trustee of charitable remainder trusts, provided that 100 percent of the remainder interest in the trust is irrevocably dedicated to Chatham Education Foundation, and the charitable remainder trust meets the minimum standards set forth in Gift Acceptance procedures. Chatham Education Foundation may serve as a trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. Chatham Education Foundation will not serve as co-trustee of a charitable trust.
- I. Use of counsel: Chatham Education Foundation shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Review by counsel is recommended for gifts involving: closely held stock transfers that are subject to restrictions; gifts involving contracts, such as bargain sales; reformation of charitable trusts; and transactions involving potential conflicts of interest.