



## GIFT ACCEPTANCE POLICIES

The Catholic Foundation - Diocese of Austin (the "Foundation") offers a wide range of giving options and vehicles for donors wishing to benefit parishes, schools, agencies, entities or programs in the Diocese of Austin, and the following policies have been adopted to govern the acceptance of contributions made to the Foundation. While outright contributions of liquid assets (*e.g.*, cash and publicly-traded securities) are very much appreciated, the Foundation also understands that some donors may wish to make contributions of other types of assets, on a deferred basis, or with specific goals in mind. Pursuant to these guidelines, the Foundation will carefully consider all such contributions offered by prospective donors so long as the offered funding does not encumber the Foundation with assets that generate more cost than benefit. The Foundation also cannot accept any contributions that are restricted in a way not in keeping with its mission and purpose or with the teachings and discipline of the Roman Catholic Church.

### *Types of Contributions*

**Cash.** The Foundation will accept outright contributions made by cash, check (made payable to "*The Catholic Foundation - Diocese of Austin*"), or credit card, whatever the amount. Charitable IRA rollovers, so long as allowed by federal tax law, are also welcome. As explained further below, such contributions may also be made to the Foundation to establish a separate fund to benefit a specific purpose (a minimum investment amount will apply) or to provide a previously-established fund with additional funding.

**Publicly-Traded Securities.** The Foundation accepts stocks and publicly traded bonds that trade on listed exchanges (*e.g.*, New York Stock Exchange, NASDAQ, etc.). The Foundation will accept these securities in certificate form, with the appropriate assignment or endorsement to the Foundation, or via direct electronic transfer to an account maintained by the Foundation at a brokerage firm. Although the Foundation prefers to utilize one central asset transfer account for these transfers, in its discretion, it may agree to open and/or maintain an account with another securities firm to facilitate an intra-firm account transfer by a donor. For securities, the Foundation will provide the donor with the high, low, and closing values on the day the donation is received by the Foundation. For mutual funds, a donation will be valued based on the closing net asset value on the day the donation is received by the Foundation.

**Closely-Held Securities.** Other, non-publicly-traded, securities may be accepted by the Foundation, but only with the prior approval of the Board. Before such approval may be obtained, substantial due diligence by the Foundation (including a review of entity documentation and activities) will be necessary. Potentially acceptable securities include not only debt and equity issues of Subchapter C and Subchapter S Corporations, but also

those of limited liability companies and limited partnerships. The Foundation, however, cannot accept general partnership interests.

**Real Estate.** Although the Foundation will accept contributions of real estate, these contributions often raise a number of complex issues (legal, zoning, marketability, environmental, etc.) that require careful consideration. Therefore, the Foundation may only accept contributions of real estate after proper due diligence is performed and the prior approval of the Board is obtained. The Foundation generally will only consider contributions of property located in Texas and unfortunately cannot accept contributions of timeshares or cemetery plots. In addition, contributions of property subject to liens, mortgages or other encumbrances will be accepted only in exceptional circumstances. Prior to accepting any real estate, the Foundation does require that a Phase I environmental site assessment of the property be performed to ascertain whether there are any environmental concerns. In the event the Phase I assessment reveals a potential problem, an environmental audit satisfactory to the Foundation will be required. The donor must also furnish the Foundation with appropriate evidence of title and will be responsible for preparing the deed and other instruments necessary to transfer the property to the Foundation (which shall be reviewed and approved by the Foundation). In addition, the donor will be responsible for obtaining a qualified appraisal of the real property complying with federal tax regulations.

**Remainder Interest in Real Property.** The Foundation may accept a “remainder interest” in a personal residence, farm, or vacation property subject to the requirements for contributions of real estate set forth above. When a remainder interest is given, the donor, or other occupants, will retain a “life estate” in the property, which allows the donor, or other occupants, the right to occupy the real property for the duration of a stated life or a term of years. When the Foundation receives a contribution of a remainder interest, expenses for maintenance, real estate taxes, insurance, and any property indebtedness arising during the life estate are to be paid by the donor (or other life estate holder).

**Tangible Personal Property.** Contributions of tangible personal property (*e.g.*, jewelry, artwork, collectibles, etc.) may be accepted by the Foundation, subject to the approval of the Board. Unless the personal property is going to be used by the Foundation or one of its beneficiaries (*e.g.*, artwork for a church, etc.), it will only be acceptable if it is readily saleable and there are no significant carrying costs associated with its ownership. A donor of personal property will be responsible for complying with all federal tax rules and regulations, including obtaining a qualified appraisal where necessary.

**Life Insurance Policies.** Assigning all or part of one’s life insurance benefits to the Foundation is often an attractive way to support its mission and purpose. Donors may either irrevocably name the Foundation as owner and beneficiary of their policies or retain ownership and name the Foundation as a primary or contingent beneficiary. If ownership of a policy is transferred to the Foundation, the Foundation must be its sole beneficiary and have full ownership rights. It is generally preferred that a transferred policy be paid-up or that a donor make funds available for additional premium payments. If the policy is not paid-up and funds are not made available for the premiums, the Foundation may, at its

option, convert the policy to paid-up insurance, surrender the policy for its cash value, or sell the policy.

**Retirement Plan Beneficiary Designations.** Donors may also wish to name the Foundation as the designated beneficiary of their retirement plans, such as IRAs, 401(k) plans, and 403(b) plans.

**Other Contributions.** The Foundation, when appropriate, may accept other forms of property. Such contributions may include, for example, oil, gas and mineral interests, intellectual property, promissory notes, savings bonds, reimbursements of Foundation expenses, and other property. Appropriate due diligence and the prior approval of the Foundation's Board will be required before any such contributions are accepted.

### ***Deferred Contributions***

**Bequests.** The Foundation strongly encourages charitable bequests under a donor's Last Will or Testament or Revocable Living Trust. Such bequests may take the form of a stated dollar amount, specific property, or a portion or the entire residue of an estate or trust. Donors are encouraged to bequeath cash or marketable securities to the Foundation, if possible, but other property may be bequeathed as well. The Foundation will follow the policies set forth above for the respective type of property to determine whether to accept, or disclaim, a particular bequest. Donors are therefore encouraged to discuss their intended bequests with the Foundation in advance to assure that their plans conform with Foundation policy and to avoid any unpleasant situations dealing with the donor's estate. Where bequests are being made to establish restricted funds (which are discussed in more detail below), donors are also encouraged to share their intentions with the intended beneficiaries to ensure that they are in line with the beneficiaries' goals.

**Charitable Trusts.** The Foundation may be named as the remainder beneficiary of a charitable remainder trust, or as the income beneficiary of a charitable lead trust. Charitable trusts may be established under a donor's will, or during the donor's lifetime as a free-standing trust. Generally, it is not the practice of the Foundation to act as trustee for any charitable trust, and donors are encouraged to instead arrange trusteeship with a commercial, charitable, or individual fiduciary. Donors are encouraged to provide their trust agreements, establishing the Foundation as a beneficiary, to the Foundation for review prior to execution.

### ***Restricted Contributions***

The Foundation will generally accept contributions for specific programs and purposes, provided they are consistent with the Foundation's stated mission and purpose and are consistent with the teachings and discipline of the Roman Catholic Church. All such contributions must be in a form otherwise acceptable under these Gift Acceptance Policies, as may be amended from time to time.

The Foundation will establish endowments (*i.e.*, intended to have perpetual existence) for these restricted purposes. The Foundation's Board will, from time to time, establish minimum investment amounts for such funds. A donor may establish a separate fund in a single transaction, or may agree to build up to the minimum funding amount over a period of time mutually acceptable to the donor and the Foundation. Donors also may consider contributing to certain funds that have previously been established at the Foundation.

All such restricted funds are invested by the Foundation according to the investment guidelines established by its Board of Directors, which may be modified from time to time in its discretion. Distributions from such funds are made in furtherance of the funds' purposes and pursuant to the distribution policies adopted by the Foundation's Board of Directors from time to time. Any distributions that are not distributed are added to the principal of the restricted fund.

Each restricted fund is recorded on the books and records of the Foundation as an identifiable or separate fund and may be given a name or other appropriate designation as requested by the donor and as approved by the Foundation. Restricted funds may be held in a separate account by the Foundation, or, at the Foundation's discretion, may be commingled with other funds of the Foundation.

Restricted funds held by the Foundation are used solely for the specific charitable, educational, or religious purposes that the donor has designated, unless any such restrictions or conditions become, in the sole judgment of the Foundation's Board of Directors, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. In such an unusual case, the Foundation would modify the restrictions or conditions as necessary to best serve the needs of the community.

For each restricted fund established at the Foundation, there is a separate fund agreement, setting forth, in more detail, the specific terms and conditions governing the fund and the purposes for which it is established.

### ***Charitable Gift Annuities***

The Foundation may offer charitable gift annuities. A charitable gift annuity consists of (i) part outright charitable gift by a donor to the Foundation of a present interest in property, and (ii) part purchase of an annuity contract by the donor. Pursuant to a charitable gift annuity contract, a donor makes a gift to the Foundation in exchange for the Foundation's promise to pay annually a fixed dollar amount for the life of the donor or another person. A charitable gift annuity may be either immediate or deferred (*i.e.*, payments beginning immediately or payments beginning at a specified date or as a certain identifiable event occurs in the future). Charitable gift annuities are regulated under state and federal laws, and charitable gift annuity rates are generally based on the current rates recommended by the American Council on Gift Annuities. If a prospective donor is interested in entering into a charitable gift annuity arrangement, the donor is encouraged

to request additional information from the Foundation about its present charitable gift annuity program.

The Foundation will not accept a charitable gift annuity unless twenty-five percent of the remainder amount of the charitable gift annuity goes to a reserve fund at the Foundation to guaranty contractual future annuity payments. Minimum age and gift amounts may apply.

### ***Miscellaneous Provisions***

**Legal and Ethical Considerations.** The Foundation reserves the right to refuse any proposed contribution, and the Foundation will not accept a contribution if there is any significant question regarding the donor's ownership of the property to be contributed or the donor's mental competency to make the contribution, or if the contribution is derived from an illegal or immoral source. The Foundation also cannot accept any contribution improperly benefiting any individual or jeopardizing the tax-exempt status of the Foundation. In addition, contributions to the Foundation may not be directly or indirectly subjected by a donor to any material restriction or condition that would prevent the Foundation from freely and effectively employing the transferred assets, or the income or gains derived from them, in furtherance of its exempt purposes.

**Securing Appraisals and Legal Advice.** It will be the responsibility of the donor to secure, and pay for, an appraisal (where required) and independent legal counsel for all contributions made to the Foundation. While the Foundation may seek the advice of its own legal counsel, its legal counsel cannot act on behalf of a donor. Donors are therefore encouraged to seek their own legal counsel prior to completing any contribution to the Foundation. Donors are specifically encouraged to consider all applicable tax rules and regulations, including the need to obtain a qualified appraisal where necessary, before completing a contribution. Donors should also consult with independent legal counsel with respect to all gift agreements, annuities, wills, trusts, and other documentation. Although the Foundation cannot prepare wills or trust documents for donors, it may suggest wording for a proposed contribution or bequest for review and approval by the donor's personal attorney.

**Transfer and Carrying Costs.** Expenses incurred by the Foundation related to the receipt, management or liquidation of a particular contributed asset, such as legal fees, commissions, recording fees or transfer taxes, real estate or personal property taxes, utilities, insurance, and maintenance costs, may be charged against the contribution proceeds.

**Conversion of Contributed Assets into Cash.** Unless a contributed asset is to be put to use by the Foundation or one of its beneficiaries (*e.g.*, a house for a rectory, artwork for a church, etc.), it is the Foundation's policy to convert non-cash contributions to cash as soon as possible after a contribution without adversely affecting the value of the gift. Any contributed property therefore must be transferred to the Foundation free of any pre-arranged obligation with respect to the sale or transfer of any interest in the contributed asset. While the Foundation is willing to consider a donor's recommendation for marketing

and the eventual sale of a contributed asset, the Foundation shall not be obligated to sell or dispose of contributed property to any particular buyer/recipient, and on any particular terms, as a condition of receiving a contribution. As a contributed asset is converted to cash, there may be instances where the cash may not be readily available for distribution. If there are potential contingent liabilities associated with the Foundation's ownership and subsequent sale of contributed property, the Foundation will hold back the appropriate amount until the liabilities expire.

**Confidentiality.** Information pertaining to a contribution, the donor, the donor's assets or the donor's charitable intentions will be held in strictest confidence by the Foundation, and shared only to the extent necessary with professional advisers and Foundation staff, unless prior written permission to release any such information is obtained from the donor or counsel for the donor. In addition, the Foundation may disclose such information to the extent such disclosure is required by operation of law, governmental regulation or court order. Where restricted funds are established at the Foundation, donor names and donation amounts may also be shared with any organization benefited by the restricted fund, unless a contributor to such a fund expressly requests anonymity. In no event shall donor names be made available to others for the purpose of marketing any products or services.

**Fundraising.** The Foundation does not pay any representatives on a commission basis for fund-raising endeavors.

**Matching Gifts.** Many employers match gifts by their employees or make grants to organizations recommended by employees. The Foundation encourages all potential donors to ask their employers about their matching programs.