

CHAMINADE JULIENNE CATHOLIC HIGH SCHOOL GIFT ACCEPTANCE POLICIES

Chaminade Julianne Catholic High School (CJ) encourages the solicitation and acceptance of legacy gifts for purposes that will help CJ further and fulfill its mission. Legacy gifts will be considered as gifts to CJ's endowment funds unless otherwise designated by the benefactor or by exception approved by the CJ Board of Trustees. The following policies and guidelines govern the acceptance of a legacy gift(s) (gift) made to CJ.

I. Purpose of Policies and Procedures

The purpose of this document is to set forth the criteria that CJ uses to determine that a proposed gift is acceptable, and to inform prospective benefactors and their advisors of the types of gifts CJ accepts. While these guidelines establish best practices, they are designed to provide flexibility.

II. Use of Legal Counsel

CJ seeks the advice of outside legal counsel as appropriate on matters relating to acceptance of gifts.

III. Communications with Benefactors

CJ holds all communications with benefactors and information concerning benefactors and prospective benefactors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a benefactor, or a prospective benefactor will be granted only if permission is first obtained from the benefactor.

IV. Conflict of Interest

CJ does not provide personal legal, financial or other professional advice to benefactors or prospective benefactors. Benefactors and prospective benefactors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. CJ endorses the Model Standards of Practice of the Charitable Gift Planner promulgated by the National Association of Charitable Gift Planners.

V. Restrictions on Gifts

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with CJ's mission, purposes and priorities. CJ will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer.

VI. Gift Exceptions

The Financial Advisory Council (FAC) and Development Advisory Council (DAC) of the Board of Trustees (FAC/DAC) will review all benefactor proposed gifts as specified in section VII., and those gifts referred to it by the Director of Development or President. The FAC/DAC is responsible for reporting its decisions on gift acceptance to the Board of Directors. The FAC/DAC is also responsible for reviewing the Gift Acceptance Policy at least annually or more often as needed to ensure that they remain consistent with applicable laws and the programs of CJ.

VII. Types of Gifts

A. The following gifts may be actively cultivated, solicited and accepted by CJ without FAC/DAC review;

1. Cash
2. Publicly Traded Securities
3. Charitable remainder trusts
4. Revocable trust agreements
5. Charitable lead trusts
6. Retirement plan beneficiary designations
7. Bequests
8. Life insurance beneficiary designations

B. The following criteria apply to the acceptance of gifts listed in section VII.A.;

1. Cash: Cash may be accepted in any negotiable form. Checks must be made payable to Chaminade Julianne and should be delivered to the attention of the Development Department at CJ's administrative offices.

2. Publicly Traded Securities: Marketable securities will be transferred to an account maintained by CJ at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Finance Advisory Council of CJ. Exceptions requiring review by the FAC/DAC regarding securities are defined in section VII.C.

3. Charitable Remainder Trusts: CJ encourages its benefactors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its benefactors to structure such agreements. However, CJ will not serve as trustee of a charitable remainder trust and will instead encourage the benefactor to use a professional fiduciary.

4. Revocable Trust Agreements: CJ encourages its benefactors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, CJ will not serve as trustee of a revocable trust agreement and will instead encourage the benefactor to use a professional fiduciary.

5. Charitable Lead Trusts: CJ may accept a designation as income beneficiary of a charitable lead trust. CJ will not accept an appointment as Trustee of a charitable lead trust.

6. Retirement Plan Beneficiary Designations: Benefactors and supporters of CJ will be encouraged to name CJ as beneficiary of their retirement plans. Such designations will not be recorded as gifts to CJ until such time as the gift is irrevocable.

7. Bequests: Benefactors and supporters of CJ will be encouraged to make bequests to CJ under their wills and trusts. Such bequests will not be recorded as gifts to CJ until such time as the gift is irrevocable.

8. Life Insurance: CJ must be named as both beneficiary and irrevocable owner of a fully paid insurance policy before a life insurance policy can be accepted as a gift. Life insurance holdings will be reviewed annually by the Finance Advisory Council.

C. The following gifts may be actively cultivated and solicited by CJ, but require FAC/DAC review for acceptance;

1. Publicly Traded Securities:

a. In some cases marketable securities may be restricted by applicable securities laws; in such instances the final determination on the acceptance of the restricted securities will be made by the FAC/DAC.

b. Options and Other Rights in Securities: Will be reviewed by the FAC/DAC addressing the following questions apply to acceptance of warrants, stock options and stock appreciation rights: Is CJ required to advance funds upon exercise of the gift? If so, does CJ have the funds?

Is CJ at risk of loss of funds in accepting the gift?

Are the rights restricted? And if so, does the restriction affect the ability of CJ to dispose of the asset? Does the restriction materially impact the value of the gift to CJ?

Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the benefactor?

2. Closely Held Securities:

Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, will be reviewed by the FAC/DAC addressing the following questions:

- . What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP.)
- . Will the security generate unrelated business taxable income to CJ? If so, does CJ have the funds to pay this tax?
- . Will the gift trigger any negative tax consequences to the benefactor? If the benefactor is unsure, please advise him to talk with his accountant.
- . Are there restrictions on the security that would prevent CJ from ultimately converting those assets to cash?
- . How does the company operate? Does its operation of the gift interest create liability for CJ?
- . Is the security marketable? If so, what is the market for sale, and estimated time required for sale?

If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

D. The following gifts will not be sought after by CJ, but if offered by a benefactor must be approved for acceptance by the Board of Trustees following review by the FAC/DAC of CJ:

1. Tangible personal property, including in-kind gifts
2. Real estate
3. Remainder interests in property
4. Oil, gas, and mineral interests
5. Bargain sales
6. Intellectual property rights

E. The following criteria apply to the review by the FAC/DAC for possible acceptance of gifts listed in section VII.D.;

1. Tangible Personal Property: Tangible personal property gifts must be valued at \$10,000 or greater to be considered for review, and the gift must generate adequate revenue for the organization and meet the purposes for which the gift is intended. In assessing the appropriateness of the gift, CJ should address the following questions:

Is the property marketable? What is the market for and costs to market and sale?

Are there any undue restrictions on the use, display, or sale of the property?

Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?

2. Real Estate: Real property gifts must have a market value of \$50,000 or greater to be reviewed. Prior to acceptance of real estate, CJ requires an initial environmental review of the property to ensure that the property is free of environmental damage. If the initial inspection reveals a potential problem, CJ may retain a qualified inspection firm to conduct an environmental audit. The prospective benefactor must bear the cost of the initial environmental review and any subsequent environmental audit. When appropriate, a title binder shall be obtained by CJ prior to the acceptance of the real property gift. The cost of the title binder will be borne by the benefactor.

The following criteria applies to gifts of real estate:

Is the property useful for the purposes of CJ?

Is the property marketable?

Are there any restrictions, reservations, easements, or other limitations associated with the property?

Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?

Does the audit reflect that the property is free of environmental damage?

3. Remainder Interests in Property: Review of a remainder interest in a personal residence, farm, or vacation property is subject to the provisions of paragraph (4). At the death of the life tenants, CJ may use the property or reduce it to cash. Where CJ receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the benefactor and/or primary beneficiary.

4. Oil, Gas, and Mineral Interests: CJ will determine whether the following criteria have been met as a part of a review;

Gifts of surface rights should have a value of \$20,000 or greater.

Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).

The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.

A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.

The property must undergo an environmental review to ensure that CJ has no current or potential exposure to environmental liability. The cost of the environmental review must be borne by the benefactor.

5. Bargain Sales: A bargain sale arrangement will receive review in instances where the bargain sale furthers the mission and purposes of CJ. In determining the appropriateness of the transaction, CJ will consider whether:

The value of the property has been substantiated by an independent appraisal.

Any debt ration assumed with the property is less than 50% of the appraised market value.

CJ will use the property, or if CJ will not there is a market for sale of the property allowing sale within 12 months of receipt.

The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined

6. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:

Is the intellectual property right related to the mission of CJ?

Can the ownership of the intellectual property right be clearly transferred or assigned to CJ?

Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the benefactor under the IRS partial interest gift rules?

Does the right in the intellectual property generate, or have the potential to generate, at least \$5,000 or more each year?

Is there a market for the sale or licensing of the intellectual property right?

Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)

Are there any restrictions on the retention or use of the property?

What agreements or other legal documents would CJ be required to execute in order to obtain patents, market the property and grant licenses in the name of CJ?

F. The following gift types will not be accepted by CJ:

1. Life insurance policies that are not fully paid
2. Charitable gift annuities

VIII. Miscellaneous

A. Securing appraisals and legal fees for gifts to CJ: It will be the responsibility of the benefactor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to CJ.

B. Valuation of gifts for development purposes: CJ will report a gift as received by CJ upon receipt of the gift and/or appropriate documentation e.g. pledge agreements, trust documents, testamentary documents etc. and recognize the benefactor at the gift's intended value. In the case of revocable gifts CJ will attempt to recognize the benefactor at a best estimate of the benefactor(s) intention if possible, however CJ will not report such gifts' value until they become irrevocable or are received.

C. Responsibility for IRS Filings upon sale of gift items: The Director of Finance is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by CJ when the charitable deduction value of the item is more than \$5,000. CJ must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions may be downloaded from www.irs.gov.

D. Acknowledgement of all gifts made to CJ and compliance with the current IRS requirements in acknowledgement of such gifts; is the responsibility of the Director of Development. IRS Publication 526 Charitable Contributions provides excellent guidance and can be downloaded from www.irs.gov.

