SEWICKLEY ACADEMY

GIFT ACCEPTANCE POLICIES

2011
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Introduction

These policies set forth the terms, conditions, procedures and protocols for soliciting, accepting, and receiving gifts to Sewickley Academy. Adherence to these policies is intended to achieve the following objectives:

- Complete and accurate reporting of gifts and pledges;
- Enforce “Donor Bill of Rights” (see section X.);
- Compliance with Internal Revenue Service regulations and acceptable business practices;
- Guidance for Advancement Office staff and persons involved in the solicitation, documentation, and administration of gifts made for the benefit of Sewickley Academy.

These policies are necessary to ensure that gifts:

- are appropriate to the mission and needs of the School;
- impose no undue financial burden on the School;
- if restricted, are donated according to reasonably broad and flexible terms to maximize each restricted gift’s usefulness to the School;
- if restricted, are donated according to terms that permit the School to apply the gift to a related purpose in the event that the designated purpose is no longer practical, necessary, or able to be performed.

These policies apply to all parts of Sewickley Academy, including all entities or associations under the School’s 501(c)(3) designation such as departments, interdisciplinary programs, centers, institutes, libraries, and auxiliaries. These policies will be reviewed from time to time by the School’s Office of Advancement and the Development Committee of the Board of Trustees, to ensure that they reflect relevant changes in IRS regulations, accounting standards, or other applicable guidelines.

Separate sponsored research protocols apply to faculty seeking research contracts and grants for professional enrichment.

The terms, conditions, procedures and protocols for soliciting, accepting, and receiving gifts to Sewickley Academy, as set forth herein, is the official policy of the Board of Trustees of the School as approved on November 21, 2011.
I. DEFINITIONS

1. **Annual Fund**: the organized effort by Sewickley Academy to obtain gifts (primarily unrestricted) on a yearly basis in support of the annual operating budget.

2. **Bequest**: a bequest is a gift through an estate or trust.

3. **Budget Augmentation**: a term used at Sewickley Academy to describe current operating funds (whether gifts or grants) received for purposes outside a given fiscal year’s board-authorized operating budget. Usually such funds are expended in the year in which they are received.

4. **Budget Relief**: a term used at Sewickley Academy, (and other similar independent educational institutions), to describe gifts for "current operations" or "approved regular items" from a given year’s board-approved operating budget.

5. **Designation Pending**: a term used to describe a gift that is held in a temporary fund while discussions continue with the donor to determine the purpose for which the gift may be used. Designation pending also may be applied to describe a gift that is held prior to a School decision as to usage. A gift in "designation pending" status for more than two years will revert to general institutional purposes unless specific arrangements have been made with the donor that the Development Committee has approved.

6. **Discretionary Gift**: a gift made to the School to be used at "the discretion" of a specified individual such as the Head of School. This is counted as an unrestricted gift to the School.

7. **Endowment**: one or more permanent funds established in response to an irrevocable contribution of assets to Sewickley Academy. The minimum required to establish an endowed fund is $50,000. The fund principal is invested "in perpetuity" and a portion of the earnings, based on the spending policy approved by Sewickley Academy Board of Trustees, is available for support of School programs or projects. Endowments may take several forms:

   7-A. **Unrestricted Endowment**: a permanent fund from which earnings may be applied at the discretion of the School.

   7-B. **Restricted endowment**: a permanent fund from which earnings may be applied only for a specific purpose, such as financial aid or speaker series.

   7-C. **Quasi-Endowment**: funds designated by the Board of Trustees to be invested along with other School endowment funds, but whose principal may be accessed at the discretion of the School.

8. **Gift**: a gift is a voluntary, irrevocable transfer of cash or other assets to Sewickley Academy without consideration of compensation at the time of transfer or any time in the future.
8-A. **Unrestricted Gift**: an unrestricted gift is made with no specific-use conditions imposed by the donor and may be used for the general educational purposes of the School.

8-B. **Restricted Gift**: a gift made with conditions imposed by the donor. Certain conditions could result in the School declining such a gift.

8-C. **Temporarily Restricted Gift**: a gift made with conditions imposed by the donor that limit use of the gifts to later periods or later specific dates (time restrictions), specific purposes (purpose restrictions), or both. Temporary donor restrictions expire either with the passage of time, with the fulfillment of the donor’s purpose, or as a result of actions taken by the organization.

8-D. **Major Gift**: a major gift at Sewickley Academy is a gift of $25,000 or more from an individual, organization, foundation, or corporation.

8-E. **Matching Gift**: matching gifts usually are provided by corporations. They are most frequently dollar for dollar, but may utilize other ratios that match an employee’s gift to a nonprofit organization. At Sewickley Academy, matches may be counted toward donor recognition circles and society memberships if received within the fiscal year in which the individual’s qualifying gift is received.

8-F. **Planned Gift**: a planned or deferred gift is a commitment established legally during the donor’s lifetime, but whose principal benefits usually do not accrue to the charitable recipient until some future time. Annuities, gifts of insurance, trusts, remainder trusts, lead trusts, and commitments through estate plans are all usually referred to as planned gifts.

9. **Gift-in-Kind**: a gift-in-kind is an irrevocable non-cash contribution of tangible property. It may consist of, but is not limited to, equipment, art, books, collectibles, antiques, or other tangible property.

10. **Grant**: a grant is an allocation of assets to Sewickley Academy from a foundation, corporation, or government agency. Usually, a grant is made for a specific purpose, for a defined period of time, and delineated by a formal agreement between the School and the donor. Grants usually are subject to reporting requirements.

11. **Pledge**: a pledge is a signed and dated commitment to make a gift over a specified period, generally two or more years, payable according to terms set by the donor and accepted by the School. During a capital campaign for Sewickley Academy, pledge payments and periods will be defined on a campaign by campaign basis, and determined by the Development Committee or campaign leadership.
II. AUTHORIZATIONS

A Gift Committee will represent the School regarding specific major gifts and the interpretation of School gift policies. The Gift Committee will comprise the following: the Director of Advancement, the Director of Finance and Operations, the Head of the School, the Chair(s) of the Development Committee, and the Chair of the Board of Trustees. Representatives from other areas of the School (e.g. faculty, administration, trustees, etc.) may be included for discussion of gifts for the School on an as needed basis, depending upon the nature of the gift.

The Gift Committee will review major gifts (if needed) to ensure that these policies are applied consistently. It is the responsibility of the Director of Advancement to bring any gift about which there may be questions to the Gift Committee.

Examples of gifts requiring review include offers to:

- endow courses or programs that are not academic or extracurricular priorities, but are aligned with the mission of the School;
- create new institutes, centers, or initiatives that are not academic or extracurricular priorities, but are aligned with the mission of the school; or
- build or change facilities that are not academic, extracurricular or administrative priorities, but do support the school’s mission.

Such gifts also may be gifts that are offered to the School with unacceptable restrictions. A scholarship could be restricted to individuals meeting an unusual set of criteria, for example, making it unlikely to be awarded on a regular basis.

III. GIFT SOLICITATION AND ACCEPTANCE POLICIES

The Head of the School ultimately is responsible for the official acceptance of all gifts to the School. In connection with the solicitation and acceptance as gifts, the following policies apply:

1. **Solicitation:** No general or group solicitation of funds should be undertaken by any department, division or individual without the prior approval of the Director of Advancement. The Head may authorize the Director of Advancement to approve or disapprove a fundraising project based on established fundraising priorities for the School. In cases where the level of priority for a project is not clear, the Head will consult with the Chair of the Development Committee.

2. **Outside Contacts:** Outside of approved funding priorities, and related efforts to secure them, no agent or representative of the School should solicit a donor, whether an individual,
foundation, corporation, federation, association, other donative or grant-making entity without approval from the Head, the Director of Advancement, or his/her designated representative.

3. **Formulation and Implementation of Development Strategies, Programs, and Policies:**
   The Director of Advancement, in consultation with the Head and the Development Committee of the Board of Trustees, is responsible for development of gift acceptance strategies, programs, and policies. Recommended courses of action are then referred to the Head for implementation, or when necessary for approval by the Board of Trustees.

   The Director of Advancement, in consultation with the Head, is responsible for the implementation of Board-approved gift acceptance policies.

4. **Record Keeping:**
   Gift records at Sewickley Academy are confidential. Information regarding donor gift histories, lists of donors, and all related materials shall be maintained by the Advancement Office and are the responsibility of the Director of Advancement. Gift records may be disclosed only with the authorization of the Head or his/her designated representative. (Form for requests and timeframe for approval/disapproval to be determined.) Requests for donor information from the Head, Chair of the Board of Trustees, Chair of the Development Committee, and the Director of Finance and Operations, as well as School auditors and counsel, are exempt from this formal approval process.

5. **Questionable Gifts:**
   As noted above, all questionable gifts should be referred to the Gift Committee for consideration. If the Gift Committee cannot resolve a procedural or policy issue regarding a gift, the decision will be referred to the Executive Committee of the Board of Trustees for final resolution.

6. **Responsibilities of the Office of Advancement:**
   The Office of Advancement is the primary vehicle for planning and implementing efforts to raise support for advancing the mission of Sewickley Academy. The Office of Advancement shall have responsibility for:

   6-A. donor identification, research, cultivation, solicitation, recognition, and stewardship;

   6-B. implementing and enforcing the gift policies of Sewickley Academy as approved by the Board of Trustees;

   6-C. managing the process of solicitations by staff, volunteers, faculty and others in accordance with approved gift policies;

   6-D. managing the solicitation process and receipt of gifts in accordance with approved School fundraising priorities;

   6-E. preparing appropriate documents and database entries to properly record and value gifts to the School, and maintaining those records in accordance with the School's gift acceptance policies; and

   6-F. transmitting gifts, both cash and in-kind, to the Business Office in a timely and accurate fashion.
7. **Familiarity With Policies:** Office of Advancement personnel and other School representatives involved in donor cultivation and gift solicitation must follow procedural clearances for fundraising. All development officers, administrators, trustees, faculty, and other School representatives who are so involved must:

° read and understand the gift policies;
° report gifts and pledges promptly;
° read and comply with “Donor Bill of Rights” (see section X.)
° route checks and other monies to the Director of Advancement promptly; and
° understand and use gift recording forms and systems.

Advancement staff, in addition, must understand and use prospect tracking systems to maintain accurate and timely prospect status and tracking reports.

**IV. GIFT DOCUMENTATION POLICIES**

1. **Written Documentation of Gifts:** All gifts to Sewickley Academy require written documentation before being "counted" toward School fundraising goals. For outright gifts or multi-year pledges, documentation usually will consist of a signed and dated pledge agreement or letter of intent.

2. **Alternative Forms of Documentation:** In lieu of a standard gift or pledge agreement, gifts to the School may be accepted if they are memorialized by an acceptable form of alternative documentation. Examples of acceptable alternative forms of documentation include, but are not limited to, the following:

° deeds or other legal forms of conveyance or assignment;
° insurance policies with express provisions for conveyance or assignment;
° completed wills, excerpts therefrom, or executed bequests demonstrating a clear and unambiguous intention; and
° irrevocable trust agreements in which Sewickley Academy is named as beneficiary.

**V. GIFT RECORDING POLICIES**

1. **IRS Compliance:** All gifts, pledges, and bequest distributions to Sewickley Academy will be recorded in compliance with Internal Revenue Service regulations and acceptable accounting practices.

2. **Proper Thanks:** All donors to Sewickley Academy should be properly acknowledged and thanked for their generosity, ideally within 24-48 hours.

3. **Receipts:** Receipts will be issued for gifts and accompanied by a thank you letter.
Gifts will be recorded by donor and purpose. For advancement records, "purpose" will be defined as:

- unrestricted (Annual Fund);
- temporarily restricted (include intent);
- endowment;
- campaign;
- other funds (include specific name of fund).

For accounting purposes, and if it is not clear, these designations will be determined by the Director of Finance and Operations or his/her designee and the Director of Advancement or his/her designee.

VI. TYPES OF GIFTS AND VALUATION OF GIFTS

These are general guidelines. Valuation of gifts will be addressed, as needed, by the Gift Committee for non-cash gifts.

1. Gift Classification: Gifts may be classified in three ways:
   - the value of the gift for tax purposes;
   - the value of the gift for counting toward School fundraising goals; and
   - the recognition of the gift (as in gift societies, plaques, etc.).

2. Gift Valuation: The value of a gift toward any approved School fundraising goal will, in the majority of cases, be determined by the Campaign Management Reporting Standards established by the Council for Advancement and Support of Education (CASE). Exceptions must be authorized by the Gift Committee in writing. (The Office of Advancement will prepare an appropriate form to document exceptions.)

The valuation of a gift for tax purposes is the responsibility of the donor. Sewickley Academy's receipt for gifts of cash or "publicly traded securities" is provided to donors to establish the value of a gift for tax purposes. In all other cases it is the responsibility of the donor to secure independent expert appraisals to establish tax deductible values. The School, as donee, is not regarded as "independent" by the Internal Revenue Service. It is the policy of the School not to pay for appraisals.

2-A. Cash Gifts: Cash: gifts by cash, check or credit card will be credited at full face value.

2-B. Pledges: Pledges to the Annual Fund must be paid by June 30 of the current fiscal year. Campaign pledge periods will be designated as part of the campaign planning process. In cases of very large or unusual gifts, the Gift Committee may determine the appropriate pledge period.
The Director of Advancement, and possibly the Gift Committee, must review Major Gift pledges that are not fulfilled within a specified period of time. In most cases of endowed gifts, if the commitment does not reach the specified level and the fund in question is not fully endowed, the fund will become part of the School endowment, placed in an account as close to donor's intent as possible.

Annual Fund pledges that are not fulfilled in the specified period of time are removed from pledge records.

2-C. **Publicly Traded Securities:** The School will accept marketable securities as outright gifts or payments toward pledges or life income gifts. Such gifts will be valued at the mean market value on the date of the gift, in accordance with IRS regulations.

2-D. **Closely Held Securities:** Securities not publicly traded on an exchange or over-the-counter may be accepted at the discretion of the Gift Committee. Any restrictions sought by a donor on the disposition by the School of such securities must receive specific approval of Gift Committee.

2-E. **Real Estate:** Subject to prior review by the Gift Committee, donors may contribute real estate.

The fair market value of the property must be determined by independent appraisal obtained by the donor and may be appraised separately by the School. Property must have a "clear and marketable" title. Easements and/or restrictions must be disclosed (and acceptable to Sewickley Academy). Title to property contaminated with hazardous waste or subject to other contingent liabilities, may not be accepted.

The due diligence procedures for accepting gifts of real property are the responsibility of the Gift Committee. The Director of Finance and Operations, in consultation with the Development Committee and the Buildings and Grounds Committee of the Board of Trustees, is responsible for recommending acceptance of gifts of real property to the Head. The Director of Finance and Operations will be responsible for developing appropriate procedures for consideration of: the usefulness of the property for School purposes; the marketability of the property; and the existence of any restrictions, limitations, or encumbrances. Due diligence procedures should include, but not be limited to, testing for hazardous waste. Donors will be required to fill out an appropriate due diligence form.

2-F. **Tangible Personal Property (Gift in Kind):** At the discretion of the Director of Advancement, gifts of tangible personal property may be counted toward fundraising goals given appropriate documentation. Gifts of tangible personal property of $5,000 or more require an independent appraisal of fair market value obtained by the donor. Any restrictions sought by the donor on the sale, maintenance, administration or display of items contributed is subject to review by the Gift Committee and appropriate members of the School administration. For example, acceptance of a major gift of books or manuscripts to the Library should have the input of the School Librarian. Gifts that would cause significant facilities and installation issues must have the input of the Director of Finance and Operations, the Director of Buildings and Grounds, and the Buildings and Grounds Committee of the Board of Trustees. The School always reserves the right to dispose of tangible gifts at any time unless otherwise agreed to with
the donor.

2-G. **Gifts of Insurance:** Before an insurance policy can be recorded as a gift, the School must be an assigned irrevocable beneficiary and owner.

2-H. **Corporate Matching Gifts:** Gifts received in cash from organizations or corporations to match gifts of cash or securities by individuals who are associated with that organization or corporation will be credited to the individual donor’s gift record (soft credit) and allocated to the same purpose as the donor’s gift, unless corporate rules specify otherwise.

2-I. **Charitable Remainder Trusts:** The establishment of such an irrevocable trust at Sewickley Academy or at another trust institution (such as a bank or similar financial institution) for the benefit of Sewickley Academy will be credited at the fair market value of the assets received. Such gifts will be reflected on the monthly fundraising reports at face value. Questions about the valuation of such gifts will be determined by the Gift Committee. Specific terms regarding a trust or issues that would leave open to question the income flow from a trust, or the control of the trust, will be resolved by the Gift Committee.

2-J. **Charitable Lead Trusts:** For lead trusts that extend five years or less, the face value may be reported; for charitable lead trusts that extend beyond five years, amounts beyond the first five years may be valued both at remaining face value (for recognition of the donor) and at discounted present value of the remaining income stream (to permit cash-flow projections).

2-K. **Bequests:** Distributions from estates and trusts received by Sewickley Academy will be credited toward the purposes set forth by the relevant documents. Wherever possible, unrestricted gifts through estates and trusts will be invested with School endowment funds. Certain newly established bequests (testamentary pledge commitments) may be counted toward fundraising goals with proper documentation. For donors age 80 or more, intended bequests will be valued and recognized at full value. Donors less than 80 years of age will be recognized for the full amount of the gift; however, these will be valued according to donor's actuarial life expectancy.

2-L. **Donor Advised Funds:** Sewickley Academy may accept gifts of donor advised funds. Such gifts must provide an acceptable income stream to one or more institutional priorities.

**VII. GIFT ACCEPTANCE POLICIES**

1. **Restricted Gifts:** Unrestricted gifts always are preferable to restricted gifts. On the other hand, a restricted gift is preferable to no gift. If a donor is committed to making a restricted gift, it always should include language providing Sewickley Academy with reasonable flexibility; this is necessary because circumstances can change in ways unforeseen by the donor or the
School.

(Flexible Language Example)

"In the event that now unforeseen changes of an educational, political, economic, social or other nature render the use of the said gift no longer practical or desirable, the Board of Trustees of Sewickley Academy, with the approval of the Head, is authorized to make such changes in the use of the principal or income therefrom for the benefit of Sewickley Academy, its students, faculty, and staff, as such Board of Trustees may deem advisable."

2. Irrevocable Gifts: Irrevocable gifts, including trusts, managed by entities such as a bank or similar financial institution outside the Sewickley Academy endowment, will be accepted and valued in the same way as other gifts to Sewickley Academy. Such gifts will appear once only in the periodic reporting by the Office of Advancement.

3. Refusal of Burdensome Gifts: No gift will be accepted that would constitute an undue burden on the School. It is the responsibility of the Office of Advancement, and other School representatives involved in fundraising initiatives, to work in coordination with the School's academic leadership and financial management to meet this standard. The Office of Advancement will attempt to reach resolution with a given donor, but gifts that might impose a burden on the School must be carefully examined by the Gift Committee. The procedural levels for this examination are described above. In summary, gifts that cannot be resolved by the Office of Advancement will be referred by the Director to the Head, and to the Gift Committee as needed. Such gifts could include, but are not limited to:

- gifts of unmarketable securities;
- tangible property with restrictions on its use;
- "matching" requirements;
- a requirement to continue a project after a gift has been terminated or exhausted;
- gifts toward construction projects that do not permit the School to fully fund the project, including planning design, construction, FF&E, and ongoing maintenance and repairs;
- establishment of a permanent, interest-bearing (endowed) fund when the gift amount is not sufficient to carry out its specified purpose; and
- gifts that require financing and/or administering a project outside the routine functions of the School or outside its mission.

VIII. MINIMUM ENDOWMENT LEVELS

All endowed funds will use the current "spending rate" authorized by the Board of Trustees for a given fiscal year.

Full Faculty Chairs: $500,000

Full Tuition Scholarship: $500,000
IX. CAMPAIGN GIFTS (sample language)

1. Acceptance of Campaign Gifts
In general, any gift solicited during the Campaign by volunteers and staff will be restricted for the purposes supported by the Campaign. Gifts restricted by donors for specific projects within those to be funded by the Campaign will be accepted and recognized according to the Donor Recognition Plan for the Campaign. Any additional restrictions placed on the use of gifts by donors will be reviewed on a case-by-case basis prior to final gift acceptance. No other restriction will apply unless recommended by the Campaign Cabinet and approved by the Academy Board of Trustees. All restrictions must meet the guidelines of Sewickley Academy. The Campaign will be credited with any gift of cash, cash equivalents, readily marketable securities, or other property that will advance the Campaign so long as the gift is restricted for a purpose consistent with the Campaign’s objectives.

- Gifts received during the Campaign will be reviewed prior to crediting to determine if they fall within the Campaign’s objectives and purpose; if so, they will be credited to the Campaign whether solicited or unsolicited.
- The net proceeds of special events planned during the term of the Campaign for purposes within the scope of the Campaign will be credited to the Campaign.
- No gift shall be accepted that carries restrictions that will burden Sewickley Academy with additional costs or cause the project to be unfavorably altered.
- A gift with the potential to generate unfavorable or negative publicity or cause Sewickley Academy to be in violation of a law will not be accepted.

2. Types of Gifts
Gifts paid over time from current assets will be the primary focus this campaign. Gifts of various types will be handled in the following manner.

1. Cash and Negotiable Securities – Gifts and commitments of cash and/or negotiable securities for purposes included among Campaign objectives will be counted immediately upon receipt by the development office.

2. Charitable Trusts – Irrevocable charitable trusts designated for Campaign purposes and objectives will be credited at the time the trust is established and funded. The amount counted will be based on the face value of the instrument or the anticipated payout, depending on whether the instrument is a lead trust or a remainder trust.

3. Property – Gifts of property will be accepted only after thorough study of the value, risks, and obligations of property ownership. The gift will be counted after market value has been decided by an appraisal and at the date of transfer.
4. *Gifts-In-Kind* – In-kind gifts will be counted only if they are convertible to cash and fall within the scope/purpose of the Campaign, or if they appropriately defray a cost that would be incurred to complete a project. All gifts-in-kind will be reviewed prior to acceptance and will be counted at their appraised/fair market value.

**X. THE DONOR BILL OF RIGHTS**

The 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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

I. 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.

II. 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.

III. To have access to the organization’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 organizations of interest to the donor will be professional in nature.

VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.