



GIFT ACCEPTANCE POLICY

Established in 2016, the Catholic Foundation of Michigan (“the Foundation”) is a nonprofit, charitable organization that receives and manages assets to principally provide perpetual funding for the Catholic parishes, schools, ministries, and other organizations of southeast Michigan. The Foundation is a non-profit corporation which is tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and which is a public charity and not a private foundation. The Foundation was established to serve the Catholic community primarily in southeast Michigan.

The Foundation encourages the solicitation and acceptance of gifts for purposes that will help it further and fulfill its mission. The goal of this Gift Acceptance Policy is to protect the interests of the Foundation and those who support it through their donations.

This Gift Acceptance Policy focuses on outright (current) and deferred gifts, with special emphasis on various types of deferred gifts and non-cash gifts of property. The objective is to encourage private gifts or contributions without encumbering the Foundation with gifts which may prove to generate more costs than benefits, or which are restricted in a manner that is not in keeping with the mission and goals of the Foundation.

Gifts accepted shall support the broad charitable purpose of the Foundation and shall not be in conflict with Catholic teachings. The Foundation will not accept gifts that, as determined by the Board of Directors of the Foundation (the “Foundation Board”), place other assets of the Foundation at risk and cannot be easily converted to assets within the Foundation’s Investment Policies. The Foundation will not accept a gift if, as determined by the Foundation Board, the Foundation cannot administer in accordance with the donor’s intent.

It is understood that except where stated otherwise, this Gift Acceptance Policy is intended as a guideline, and that flexibility must be maintained since some gift situations can be complex, and decisions may require careful consideration of a number of interrelated factors. The Foundation Board may amend this Gift Acceptance Policy at any time. All determinations, approvals, decisions, judgments, and other actions of the Foundation or the Foundation Board shall be in its sole discretion. Any authorization or approval by the Foundation Board of a proposed transaction shall be made in writing prior to the completion of the transaction.

I. IN GENERAL

- A. The Foundation welcomes and accepts charitable gifts specifically designated to primarily support the Catholic Church in southeast Michigan, including parishes, schools, agencies, and charities. Gifts restricted for specific use, if accepted by the Foundation, will be administered and used in accordance with the donor’s intent, to the extent that the donor’s intent is

consistent with the purposes and mission of the Foundation and this Policy, as it may be amended from time to time by the Foundation Board.

- B. The Foundation reserves the right in its sole discretion to refuse gifts that are not consistent with the mission, purposes, or priorities of the Foundation.
- C. The Foundation will not accept gifts that are too restrictive in nature or are inappropriately restricted. Gifts that may be considered to be too restrictive or inappropriately restricted include, but are not limited to, gifts that the Foundation Board determines are:
 - a. Gifts that violate the terms of the Foundation's organizational documents or by-laws.
 - b. Gifts that are too difficult or costly to administer.
 - c. Gifts that are contrary to applicable legal, ethical, or professional standards.
 - d. Gifts that could bring disrepute to the Foundation.
 - e. Gifts that are intended for purposes outside the Foundation's mission or purposes.
 - f. Gifts that conflict with Catholic teachings.
- D. Assets transferred through outright and deferred gifts that have immediate value to the Foundation, or can be readily liquidated, will be encouraged by the Foundation. Outright and deferred gifts that the Foundation determines are or could be more costly to administer than the potential benefits to be derived may be discouraged or refused.
- E. Each prospective donor shall discuss with such donor's advisors about the potential benefits and liabilities that could influence such donor's decision to make a gift. The Foundation will not give any legal or tax advice to a donor.
- F. The Foundation will not serve in a trustee or executor capacity. No employee of the Foundation will serve as a trustee, conservator, executor, or personal representative for one of the Foundation's donors or prospects unless approved by the Foundation Board.

II. OUTRIGHT GIFTS

A. Cash

1. Gifts in the form of cash and checks shall be accepted regardless of the amount.
2. All checks should be made payable to The Catholic Foundation of Michigan. In no event shall a check be made payable to an individual who represents the Foundation.

B. Pledges

1. The Foundation may accept pledges payable in single or multiple installments over a period not to exceed five (5) years. The Foundation may make exceptions to this policy as conditions warrant. Pledges must be confirmed in writing in order to be recorded and credited for accounting purposes.
2. Paragraphs C through I of Section II, as applicable, shall be applied with respect to pledges of property other than cash.

C. Publicly Traded Securities

1. The acceptance and sale of readily marketable securities by the Foundation shall be contingent upon rules and restrictions of the U.S. Securities and Exchange Commission, the Internal Revenue Service, state securities laws, or other applicable securities laws.
2. Donors should be informed to anticipate that securities donated will be immediately sold by the Foundation. Unless authorized by the Foundation Board, in no event shall the Foundation (or an employee or volunteer working on behalf of the Foundation) commit to a donor that a particular security will be held by the Foundation.
3. For gift crediting purposes, the value of the donated securities will be the average of the high and low selling prices of the securities on the date of transfer to the Foundation.

D. Real Property

1. Real estate, commercial or residential, may be accepted if approved by the Foundation Board and all requirements under this Paragraph D are met.
2. No gift of real estate shall be accepted without a formal cost-benefit analysis to determine the true net benefit of the gift, including an evaluation of whether the Foundation will be able to manage, maintain, and sell the real estate within a reasonable period of time.
3. In general, once a gift of real estate has been formally accepted, the Foundation will seek to quickly liquidate it.
4. If there is any question as to the fair market value of the real estate to be donated, the Foundation may, at its own expense, contract with an independent appraiser, selected by the Foundation, to satisfy itself of the value of the subject real estate. In no case shall this appraisal be provided to the donor in lieu of the donor's own appraisal as required for tax purposes.

5. A member of the Foundation Board (or a Foundation employee as the delegate of the Foundation Board) must conduct a visual inspection of the real estate prior to presentation to the Foundation Board. If the real estate is located in a geographically isolated or long distance area, a local real estate broker can substitute for a member of the Foundation in Board (or such employee) conducting the visual inspection.
6. In general, residential real estate located within the continental United States, with a net value estimated of \$50,000 or greater will be considered for acceptance, pending approval by the Foundation Board.
7. In general, residential real estate located outside the continental United States will not be accepted as a gift. The Foundation Board may make an exception if conditions warrant.
8. For initial due diligence, the donor must provide the Foundation the following information:
 - a. real estate deed
 - b. real estate tax bill
 - c. plot plan
 - d. substantiation of zoning status
 - e. results of the title examination and evidence of clear title through a title insurance policy
 - f. copies of all leases and other contracts affecting the real estate
9. The donor may be asked by the Foundation Board to pay for all or a portion of the following costs depending on the value and desirability of the gift and the donor's relationship with the Foundation:
 - a. maintenance costs
 - b. real estate taxes
 - c. mortgage payments
 - d. insurance
 - e. real estate broker's commission and other costs of sale
 - f. appraisal costs
 - g. title examination or insurance
 - h. survey fees
 - i. environmental assessment costs
 - j. closing costs
10. For gift crediting purposes, the value of the gifted real estate shall be the appraised fair market value thereof reduced by any costs incurred by the Foundation related to acceptance and transfer of the gift.
11. Special attention will be given to the receipt of real estate encumbered by a mortgage, as the ownership of such property may give rise to unrelated

business income for the Foundation, and disqualification of certain split interest gifts, unless handled in a proper manner.

12. Due diligence concerning environmental issues will be considered before accepting any gift of real estate. Prior to acceptance of real estate, the Foundation may require, at the donor's expense, a Phase I Environmental Assessment of the real estate. In the event that the Phase I Environmental Assessment reveals a potential problem, the Foundation may require additional testing and inquire as to whether the donor is willing to pay for the costs of any necessary remediation. Alternatively, it may choose to reject the gift.

E. Life Insurance

1. The Foundation may accept life insurance policies as gifts when it is named as the owner and beneficiary of 100% of the policy.
2. If the policy is fully paid up, the value of the gift for gift crediting purposes shall be the policy's replacement cost.
3. If the policy is partially paid up, the value of the gift for gift crediting purposes shall be the policy's cash surrender value. If the donor continues to make future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.
4. If a donor discontinues the premium payments for a partially paid up policy, the Foundation may (a) continue to pay the premiums, (b) pay the amount necessary to convert the policy to fully paid up, (c) surrender the policy for its current cash value, (d) sell the policy, or (e) take any other action the Foundation determines. The donor will be encouraged to contribute to the Foundation an amount equal to or greater than the annual premium to maintain the policy at its value at the time the policy is gifted to the Foundation.

F. Tangible Personal Property

1. No tangible personal property shall be accepted by the Foundation unless there is reason to believe the property can be quickly liquidated or used to further the purposes related to the Foundation's tax-exempt status. No tangible personal property shall be accepted that obligates the Foundation to own it for any period of time. No perishable tangible property or tangible personal property that will require special facilities or security to properly safeguard it shall be accepted. No fractional interest in tangible personal property shall be accepted.

2. For gift crediting purposes, the value of tangible personal property shall be the appraised fair market value thereof.
3. Items generally exempt from this paragraph F include:
 - a. items donated for immediate consumption
 - b. items donated for special events
 - c. items used for prizes
 - d. items used in auctions

G. Bargain Sales

1. If the Foundation Board approves, the Foundation may purchase property using a bargain sale arrangement.

H. Time-Share Property

1. The Foundation generally will not accept time-share properties as a gift.

I. Other Property

1. Other property of any description including, but not limited to mortgages, notes, oil and gas interests, mineral interests, copyrights, patents, intellectual property rights, software usage licenses, royalties, easements, whether real or personal, may only be accepted after approval by the Foundation Board.

III. DEFERRED AND PLANNED GIFTS

The provisions of paragraphs A through I of Section II, as applicable, shall be applied to all deferred and planned gifts of property described in such paragraphs.

A. Bequests:

1. Within a reasonable time after receipt of notice of a bequest, devise, or distribution from a donor's estate or trust to the Foundation, the Foundation may directly, or through its legal counsel, communicate the decision to accept or reject such bequest, devise, or distribution to the fiduciary of such estate or trust.

B. Life Insurance Beneficiary Designations

1. The Foundation will encourage donors to name the Foundation as beneficiary or contingent beneficiary of all or a portion of the benefits of life insurance policies that they have purchased on their lives.

2. The Foundation may accept gifts from donors for the purpose of purchasing life insurance on the donor's life only after researching relevant state laws to assure that the Foundation has an insurable interest.

C. Retirement Plan Beneficiary Designations

1. The Foundation will encourage donors to name the Foundation as beneficiary or contingent beneficiary of all or a portion of their retirement plans.

D. Charitable Remainder Trusts and Charitable Lead Trusts

1. The Foundation may accept the designation as a beneficiary of a charitable remainder trust ("CRT") and/or charitable lead trust ("CLT").
2. The donor should consult with the donor's tax/legal advisors and have the donor's advisors draft the CRT or CLT. Generally, it is preferable that the donor pay for any professional fees related to the establishment and subsequent management of a CRT or CLT; however, these fees may be paid by the Foundation, after approval of the Foundation Board.
3. No CRT will be encouraged which names as income beneficiaries individuals under 55 years of age or which names more than two income beneficiaries. No CRT will be encouraged where it is determined that the net present value of the remainder interest in the trust is less than 10% of the value of the funds transferred to the trust. The minimum amount suggested to establish a charitable remainder trust is \$100,000.
4. The Foundation makes no guarantees that any particular trust will qualify as a CRT or CLT or that the administration of the CRT or CLT will meet the donor's expectations or the donor's intent.
5. The payout rate of a CRT or CLT will be determined by the donor and the donor's tax advisors which may include third party consultation services such as Crescendo and/or an investment advisor.

E. Remainder Interests in Real Estate

1. Upon approval by the Foundation Board, gifts of real estate (e.g., personal residence or farm) to the Foundation under which the donor maintains a life interest, commonly referred to as a "life estate" may be acceptable, subject to the conditions specified in this Paragraph E.
2. Life estate gifts may be accepted by the Foundation if (a) the Foundation is satisfied that there has been full disclosure to the donor from the donor's tax

advisors of the possible future ramifications of the transaction and (b) the gift is in compliance with all other guidelines concerning gifts of real estate.

3. If the Foundation accepts a remainder interest in real estate, the donor and/or other occupants may continue to occupy the real estate for the duration of the stated life. Expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary. Upon the death of the donor, the Foundation intends, as soon as reasonably practicable, to liquidate the real estate.

IV. ENDOWED FUND

- A. An endowment fund with an approved purpose may be established with a minimum gift of \$10,000.
- B. For an outright gift, the fair market value of the asset(s) must meet the minimum endowed level specified above within three (3) years after the date of the original gift.
- C. For a deferred or planned gift, the fair market value of the asset(s) on the date of transfer must meet the minimum endowed level specified above.

V. PAYMENT OF FEES RELATED TO GIFTS

- A. Finder's Fees or Commissions
 1. The Foundation will pay no fee to any person as consideration for directing a gift to it.
 2. In no event will a commission or finder's fee of any type be paid to any party in connection with the completion of a gift to the Foundation.
- B. Professional Fees Incurred by the Donor
 1. Generally, the Foundation will not pay the professional fees of a donor's advisors for services rendered in connection with the completion of a gift.
- C. Professional Fees Incurred by the Foundation
 1. Fees shall be reasonable, and directly related to the completion of a gift. Appraisal fees shall be limited to appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest. In the case of financial planners, such persons must affirm in writing

that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to clients.

2. In the case of legal, accounting, and other professional fees, an attempt shall be made by the Foundation to ascertain the reasonableness of these fees prior to payment. An hourly breakdown of times should be requested.
3. In situations where advisors are retained by the Foundation to prepare documents or render advice in any form to the Foundation (including documents that the Foundation must or may provide to the donor), it will be disclosed to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor, and that any documents or other advice rendered in the course of the relationship between the Foundation and the donor should be reviewed by counsel for the donor prior to completion of the gift.

D. The Foundation shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Review by legal counsel is recommended for:

1. gifts involving contracts such as bargain sales, charitable remainder trusts, and charitable lead trusts
2. gifts with a potential conflict of interest

VI. MISCELLANEOUS

A. Responsibility for IRS Filings

1. The Foundation will comply with Section 6050L of the Code, and the Regulations promulgated thereunder, by filing IRS Form 8282 (or any successor or additional forms required by the Code) upon the sale or disposition certain assets sold within three (3) years after receipt of the gift (or as specified by law).

B. The Foundation will:

1. Urge all prospective donors to seek the assistance of personal legal and financial advisors in matters related to their gifts and the resulting tax and estate planning consequences.
2. Provide donors with the substantiation for the donor to claim a charitable income, gift or estate tax deduction; provided, however, that the Foundation is not liable to the donor for any mistakes in, or failure to provide, such substantiation.

3. Not knowingly accept a gift that does not aid in the advancement of the Foundation's mission.
4. Not under any circumstances provide property appraisals or valuations to donors for tax purposes.
5. Keep confidential all information obtained about donors and prospective donors and specific gift arrangements regardless of whether or not a gift is made to the extent permitted or required by federal or state law (and to the extent that an applicable court does not require disclosure). However, the Foundation may use selected information for purposes of referral, testimonial, or example if a donor grants permission.
6. Thank and recognize all donors unless anonymity is requested. Public announcements of a gift and/or intent to give may be made only with the prior permission of the donor.