

Title: Gift Acceptance**Policy No.: POL_P000****Scope: Benedictine****Section: Philanthropy****Responsible for Implementation: Benedictine Foundation**

Mission: The Benedictine Foundation (the “Foundation”) enhances fund development efforts and encourages philanthropic support for Benedictine and its member and ministry partner communities.

Purpose of the Benedictine Foundation:

The primary purpose of the Foundation is to coordinate, encourage, motivate, and support the fund development efforts; and to oversee the optimal investment and management of donated funds. Funds generated are primarily used to enhance the Benedictine Mission in each local community.

I. Philanthropic Philosophy:

The Foundation is committed to the style and practice of philanthropic fundraising. This approach emphasizes the importance of voluntary leadership and the voluntary character of giving. It also emphasizes how giving meets the needs of health care provided by Benedictine, and adds value to the communities and region served by Benedictine.

Accordingly, the interests of donors and prospective donors are of utmost importance in our discussions. No program, agreement, trust, contract, or commitment shall be urged upon any donor or prospective donor that will benefit Benedictine or any of its related organizations at the expense of the donor’s interests. No agreement shall be made between the Foundation and any agency, person, company or organization on any matter concerning investments, management or any other issue that knowingly jeopardizes a donor’s interests. The Foundation operates under the Association of Fundraising Professionals’ (AFP’s) Code of Ethics, the Donor Bill of Rights, and the National Association of Charitable Gift Planners’ Model Standards of Practice.

In addition, the Foundation prohibits the use of high-pressure techniques when dealing with donors or potential donors and complies with federal and state law when dealing with vulnerable adults. Foundation volunteers and staff will inform, serve, guide or otherwise assist the donor in fulfilling his or her philanthropic wishes, but never under any circumstances pressure or unduly persuade.

In keeping with this policy, all personnel employed by the Foundation will be paid a salary or hourly wage. To avoid any undesired personal interest in any gift negotiation, no Foundation personnel will receive any commission for their work on behalf of the Foundation; however, bonuses not considered a proxy for commission may be considered acceptable.

Acceptance of gifts, bequests, or gratuities (other than small tokens of appreciation) from donors for personal use by any Foundation employee is strictly prohibited.

Gifts that fall within the parameters of the stated Mission and Core Values, needs and priorities of Benedictine will ordinarily be accepted. However, the Foundation retains the right to accept, approve, disapprove, or disclaim any gift, including gifts from individuals and corporations whose values and/or lifestyles are not consistent with Benedictine.

The Foundation will abide by the requirements of the Internal Revenue Code and its regulations in evaluating, accepting and managing charitable contributions.

Although the Foundation will provide all appropriate assistance, the ultimate responsibility regarding gift evaluation, tax deductibility of a gift, and/or similar local, state and/or federal legal compliance issues regarding gift commitments rests with the donor and/or such counsel as the donor may wish to secure.

A. Types of Philanthropic Support

Gifts to the Foundation will be classified per Financial Accounting Standards Board (FASB) guidelines as unrestricted, temporarily restricted or permanently restricted net assets based on the existence or absence of donor-imposed restrictions. A restriction is a stipulation that limits the use of a contribution. A gift is classified as restricted only by virtue of the donor's stated imposition.

1. Unrestricted gifts

Unrestricted Gifts are gifts with no donor stipulation regarding purpose or use. The only limits on the use of unrestricted gifts are the limits placed by the board; the current operating environment; the purpose specified in our Mission and Core Values, by-laws, and contractual agreements entered into in the course of doing business. The use of unrestricted gifts is also limited by any self-imposed restrictions, including voluntary resolutions adopted by the board to designate a portion of the donations to another fund.

Donors are encouraged to contribute gifts without restrictions. These gifts may be directed to "Where the need is greatest" and may include a Benedictine Community for the unrestricted gift. The Foundation will assign these gifts to the selected health care area and/or Community, where they will be used "where the need is greatest."

2. Temporarily restricted gifts

Temporarily restricted gifts are gifts designated for a specific purpose by the donor and may be used only for the purpose indicated. Examples include gifts that may be used:

- After a specific date or within a certain timeframe.
- For specific programs or services. Donors may contribute at any time to specific activities or programs carried out by Benedictine that are of special interest to the donors. These interests may include both campus and community outreach activities and programs. Foundation gift officers provide guidance to donors for such gifts.
- To acquire capital items (e.g., buildings or equipment). Capital gifts support specific equipment acquisition, physical plant improvements, or expansion of Benedictine Communities. The Foundation is authorized by Benedictine to implement capital campaigns, which are directed by Foundation staff.

3. Permanently restricted gifts

Permanently restricted gifts are designated for a specific purpose by the donor to be held and invested by the Foundation in perpetuity, with the use limited to a percentage of the fund balance as designated by the donor or as set by the Foundation Board. These gifts are endowment funds, which are permanently invested to provide income for the long-term benefit of Benedictine in accordance to state and federal laws, including but not limited to the

Uniform Prudent Management of Institutional Funds Act (UPMIFA). A minimum gift of \$100,000 is required to create an endowed fund. The long-term intent is to sustain the principal that is contributed as a permanent asset to support the donor's desired purpose.

Donors may direct endowment gifts to a particular area of programming, care and/or a community where Benedictine provides health care. Should the donor's desired purpose cease to exist, the gift will be redirected to another appropriate entity as determined by the Foundation Board, in consultation with appropriate leaders, administrators, and the donors (if living).

B. Responsibility to donors

It is the responsibility of the Foundation to establish policies that are consistent and meet Internal Revenue Service requirements for gifts. The Foundation, its staff and representatives have adopted the philosophy of assisting donors in accomplishing their philanthropic objectives while providing support to the charity.

1. Confidentiality: All information concerning donors or prospective donors, including their names, the names of their beneficiaries, gift amounts and value of estate commitments, will be used only for approved functions, recognitions and activities in support of the Foundation's Mission.
2. Anonymity: The Foundation will respect the wishes of donors who desire to support the Foundation anonymously and will take reasonable steps to safeguard their identity.
3. Disclaimer: The Foundation, Board and staff do not provide legal, tax or financial advice. Donors considering gift planning decisions should be informed of that fact and encouraged to discuss such decisions with their own advisors before committing to make a gift to the Foundation.

C. Donor's charitable income tax deduction

A charitable income tax deduction for the donor with respect to a gift of tangible personal property is determined, in part, by the extent to which the use of the contributed asset is related to the mission of Benedictine. The charitable income tax deduction may also be affected by whether the donor has held the donated property long term (more than 1 year) or short term (less than 1 year). Each donor should consult with his or her tax advisor to determine the extent of the charitable income tax deduction for any contemplated or completed gift.

D. Multiyear pledges

Multiyear pledges are encouraged for major gifts, but for no more than five years, except for intended testamentary gifts. A particular campaign may specify a shorter maximum pledge duration. Donors should complete and sign a gift or pledge agreement detailing the purpose of the gift, payment schedule, and how they wish their names to appear in donor-recognition materials. Pledges are recorded as receivables and revenues in the accounting period in which a written pledge agreement is signed by the donor and substantiated by the Foundation. To substantiate a pledge, the pledge amount, payment schedule or specified end date, and donor fund designation is required.

A. Gift Planning Vehicles

1. Bequests

A bequest is a simple way to make a lasting gift to a charity. It is a provision in a Will or Trust directing a gift to charity upon the death of the donor. Bequests may be:

- Specific – giving an exact amount or a specific item.
- Percentage – giving a percentage or fraction of the donor’s estate.
- Remainder or Residue – giving what is left of the estate after other distributions have been made.
- Contingent – making the gift only if certain other things happen first, i.e., the death of a spouse or other heirs.

The sample of the official bequest language for Benedictine Foundation is provided in the attachment to this policy. See attachments.

2. Charitable Gift Annuities

The Foundation will issue charitable gift annuities and deferred charitable gift annuities for gifts of cash or marketable securities, using the rates published from time-to-time by the American Council on Gift Annuities. The minimum gift for a Charitable Gift Annuity which immediately begins annuity payments is \$25,000 and the minimum gift for a deferred gift annuity is \$25,000. The minimum age when payments will begin for an immediate or deferred gift annuity shall be 65. Gift annuities may provide for up-to-two joint or successive annuitants.

The Foundation may elect to reinsure any annuity agreement.

3. Retirement Plan Beneficiary Designations

The Foundation will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, a 401(k) plan, or any other defined contribution plan). If possible, the Foundation should obtain a copy of the donor’s beneficiary designation form that he/she submits to the retirement plan administrator which names the Foundation as the beneficiary, or a declaration of intent form signed by the donor(s). Such designations will be recorded as revocable gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

4. Life Insurance Beneficiary Designations

Donors are to be encouraged to name the Foundation as a primary or contingent beneficiary of their life insurance policies. To be recorded as an irrevocable gift, the Foundation must be named as both a beneficiary and irrevocable owner of the life insurance policy. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes 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.

In general, the Foundation does not pay life insurance policy premiums for donors. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

- convert the policy to paid up insurance,

- surrender the policy for its current cash value, or
- In rare instances, pay the premiums from organizational funds to continue the policy. This would require approval by the Gift Acceptance Committee.

5. Remainder Interests in Property

The Foundation may accept a retained life interest in a personal residence, farm, or vacation property. The donor or other occupants may continue to occupy the real property for the duration of the stated life or lives. At the death of the donor(s), the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life estate beneficiary pursuant to a written agreement with the donor(s).

6. Bargain Sales

The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Advisory Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include:

- The Foundation must obtain an independent appraisal substantiating the value of the property.
- If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Foundation must determine that it will use the property, or that there is a market for sale of the property allowing sale within a reasonable period following receipt.
- The Foundation must calculate the costs to safeguard, insure, and pay the expenses to maintain the property (including property tax, if applicable) during the holding period.

7. Charitable Lead Trusts

The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation Board will not accept an appointment as Trustee of a charitable lead trust.

8. Charitable Remainder Trusts

General. The Foundation may encourage its donors to establish charitable remainder trusts (“CRTs”) providing an irrevocable remainder interest to the Foundation and will assist prospective CRT donors by providing calculations illustrating tax benefits and projecting distributions.

Trusteeship. The Foundation may agree to serve as trustee of a CRT if the annuity or unitrust percentage does not exceed 7%, the trust agreement names the Foundation irrevocably as a beneficiary of at least 50% of the remainder, and the trust has assets of at least \$200,000 (or \$100,000, if the Foundation is irrevocably designated as the sole remainder beneficiary). Ordinarily, donors shall be encouraged to select a payout of 5% to 6%.”

B. General criteria for non-cash gift acceptance

The Foundation will apply the following general criteria in considering the acceptance of non-cash gifts:

1. The gift must be consistent with the mission of Benedictine;
2. The gift must be a useful addition to the organization and, if it is in need of repair or maintenance, in such condition that it is within the capabilities of staff or volunteers to repair or maintain the item;
3. The gift must be without unacceptable limiting restrictions established by the donor; and
4. Acceptance of the gift must not give rise to commercial exploitation or the appearance thereof.
5. Non-cash gifts may be subject to review by the Gift Acceptance Advisory Committee.

C. Gift Planning Assets

1. Cash will be accepted by the Foundation

2. Marketable securities

Generally, marketable securities are transferred using brokerage accounts. The donor's broker should transfer the shares directly to the Foundation's broker. If stock certificates are physically transferred by the donor, a separate stock power should be used to transfer ownership to the Foundation.

Gifts of marketable securities will be valued on the date the gift is made, determined by the mean of the high and low quotes on that date.

Any Benedictine Community shall contact the Foundation Financial Accountant as soon as a donor indicates he/she will be making a gift of marketable securities. It is the policy of the Foundation to sell donated marketable securities upon receipt.

3. Tangible Personal Property

Gifts of tangible personal property (art, collections, furniture, jewelry, etc.) may be accepted after evaluation of possible related use. If the item would be retained by the Foundation for use by Benedictine Communities, a plan for its use and any expenses connected with its maintenance, repair, storage or other expenses should be considered. If the item will not be retained for use by Benedictine, a plan for selling the item for cash or donating to another non-profit should be developed in advance of gift acceptance. The donor shall be asked to complete the IRS Form 8283 or the BF Gift In Kind Acceptance Form as appropriate. Gifts valued over \$5,000 should be accompanied by a qualified appraisal, which should be paid for by the donor; and the Foundation must sign the donor's IRS Form 8283, so long as the entries on the Form 8283 appear correct and reasonable. See attached Gift In Kind flow chart for further information.

Generally, gifts of used automobiles and other vehicles will not be accepted directly by the Foundation; provided that the Foundation may use a third-part vendor to accept and process such gifts.

4. Real Estate

Proposed gifts of real estate are subject to advance review by the Foundation's legal counsel to ensure the suitability of their physical condition, clear title, marketability and that they have been subjected to appropriate review.

1. Information. The responsible gift officer shall assist the Gift Acceptance Committee in compiling relevant information regarding the subject real estate, including (to the extent available):
 - i) Legal description of the property, preferably along with a copy of the deed conveying the property to the donor.
 - ii) An estimate of the fair market value of the property (including a copy of the current property tax statement and any current appraisals, if available).
 - iii) A statement describing any liens, mortgages, or other encumbrances (or that there are none), along with a copy of each promissory note, mortgage, deed of trust, or other liens on the property, if any.
 - iv) A copy of each lease of other contract affecting the property.
 - v) A preliminary title insurance report.
 - vi) A summary of current insurance coverage for the property.
 - vii) If the property is income-producing, a copy of the profit and loss statements for the two most recent years.
 - viii) Copies of correspondence with governmental authorities, tenants or prospective purchasers concerning the property.
 - ix) A summary of the donor's relationship to Benedictine.
 - x) Information regarding any potential issues or complexities, including possible environmental issues, known side agreements, easements, etc.

If deemed advisable by legal counsel or the Gift Acceptance Committee, Foundation may employ or contract with industry experts to assist in the evaluation of subject real estate.

2. Environmental Review.

If the Gift Acceptance Committee makes a preliminary determination that the real estate gift is acceptable, a person designated by the Gift Acceptance Committee shall determine, based on physical inspection of the property, whether further evaluation of environmental hazards on the property is required to protect Foundation from liability. The cost of a Phase I environmental assessment ordinarily shall be the responsibility of the donor, along with the cost of further needed assessments or cleanup prior to acceptance. Foundation may pay for the Phase I assessment, but only if the Gift Acceptance Committee deems such payment to be an important accommodation to facilitate the gift. If Foundation pays for any environmental review, the costs may be reimbursed from the proceeds of the sale of the property prior to further disposition of the proceeds.

3. Physical Inspection.

The gift officer or designee of the Gift Acceptance Committee shall conduct a physical inspection of the property, or arrange for such inspection by a professional inspector, and a written summary of the inspection shall be included in the file documenting the consideration and acceptance of the gift.

4. Title Insurance.

Foundation shall obtain a policy of insurance protecting the title to real property received from a donor. The cost of title insurance generally should be paid by Foundation, unless the donor prefers to pay title insurance costs. If Foundation pays the cost of title insurance, the expense may be reimbursed from the proceeds of the sale of the property prior to further disposition of the proceeds.

5. Properties with mortgages generally will not be accepted. Commercial properties are subject to additional review.

The Foundation may accept a gift of a personal residence subject to the donor's retained life estate. Such a retained interest may not extend beyond two lives. The gift must be documented with an agreement, reviewed by the Foundation's legal counsel in advance, which clearly delineates responsibility for payment of taxes, insurance and maintenance of the property. In general, the Foundation should not assume responsibility for these expenses, however it should retain the right to perform maintenance or make required repairs if necessary to protect its economic interest in the property.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Advisory Committee and the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there any carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

6. Time Shares. Gifts of time shares normally will not be accepted. Gifts of time shares may be accepted if there is a use related to the Foundation's mission, but only upon approval of the Gift Acceptance Advisory Committee.

5. Oil, Gas, and Mineral Interests

The Foundation will accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Gift Acceptance Advisory Committee, and if necessary, by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- 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 should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

6. Closely held securities

Securities that are not broadly or publicly traded on an established national exchange such as NYSE or NASDAQ may not be accepted without prior evaluation, review by the Foundation's legal counsel and written approval of the Foundation's President. Criteria for evaluation prior to acceptance of such gifts are:

1. Long term prospects for the company.
2. Opportunity for the Foundation to sell the security for cash in the foreseeable future.
3. If the company in question is a Subchapter S corporation, another criterion will be the UBTI (unrelated business taxable income) consequences of holding and selling the stock.
4. Minimum amount. Gifts of closely held securities should be at least \$100,000.

7. Interests in Partnerships and limited liability companies

Interest in partnerships and limited liability companies will generally not be accepted by the Foundation because of potential capital call provisions and UBTI consequences.

Procedure

A. Gift acceptance advisory committee

Members of the Foundation Finance and Investment Committee may also serve on the ad hoc Gift Acceptance Advisory Committee. The Gift Acceptance Advisory Committee may review non-cash gifts in advance of acceptance, especially those that are valued at \$100,000 or more, and/or are difficult to determine value, and advise the Foundation, in a timely manner, as to the appropriateness of accepting the gift. Members of this committee should have some expertise with respect to the types of assets that may be offered as gifts and/or the types of gift arrangements that may be proposed, in addition to being community members and/or members of the Foundation Board. This committee may seek outside professional advice with expertise in specialty gifts.

In summary, the Gift Acceptance Advisory Committee may consist of:

- Benedictine Foundation Finance and Investment Committee
- Benedictine General Counsel

- Specialist in the specific gift type being offered.

B. Recordkeeping of gifts in kind

1. Documentation of the donated item and its transfer from the donor to the Foundation will be maintained at the office of the Foundation.
2. The gift will be acknowledged by describing it without stating a dollar value for the item.
3. While it is the responsibility of the donor to file IRS Form 8283 for non-cash gifts valued at more than \$500 if he/she wishes to claim a charitable income tax deduction for the gift, the Foundation also has responsibilities if the gifted item is appraised at more than \$5,000. In that case, the Foundation must also sign the donor's IRS Form 8283, so long as the entries on the Form 8283 appear correct and reasonable. If the donated asset is subsequently sold or given away, the Foundation must keep records of the date of the sale or gift and proceeds of any sale, and also file IRS Form 8282 when required.
4. The donor must provide an independent qualified appraisal in order to substantiate the value of non-cash gifts of \$5,000 or more for the purpose of claiming a charitable income tax deduction. The value of non-cash gifts of lesser value may be estimated by the donor. The donor must file IRS Form 8283 in order to claim a charitable income tax deduction for non-cash gifts of more than \$500. The Foundation or individual accepting the gift on behalf of the Foundation should not offer tax advice.
5. The Foundation may accept and dispose of gifted items that are not directly related to its mission. Disposal of items valued at \$5,000 or more must be approved by the Board of Directors, which may elect to consult with the Gift Acceptance Advisory Committee. Items of modest or negligible monetary value may be disposed of by gift or sale upon determination by the Foundation's President. All proceeds from the sale of such items will become part of the general operating funds for use by the Benedictine for which the gift was intended. In the case of significant funds generated by a sale, allocation of the proceeds will be determined jointly by the Foundation's Board of Directors and representatives of the Benedictine for which the gift was intended.

To safeguard the interests of both the donor and the Foundation, its President will be responsible for informing the Board of Directors, and if necessary, the donor of the implications of disposing of non-cash gifts requiring the filing of IRS Form 8282 should such disposition be contemplated within a three-year period after acceptance of such a gift.

C. Reporting and valuation standards

For capital project and other reporting purposes, the Foundation will use the National Association of Charitable Gift Planners' Guidelines for Reporting and Counting Gifts and Valuation Standards for Charitable Planned Gifts.

D. Fiduciary Relationships

The Foundation will establish any trusts necessary to maintain its gift annuity reserve accounts, as required by any relevant state law, in connection with the Foundation's gift annuity program.

Unless approved in advance by the Chief Financial Officer of Benedictine and only if the Foundation is the sole beneficiary of the donor's estate or trust, or if the only other beneficial interests are pecuniary bequests of a specific dollar amount and the Foundation is the residuary

beneficiary, the Foundation will not agree to serve as executor nor as trustee of a trust intended to serve as a person's primary estate planning document. The Foundation will not serve as trustee of a living donor's revocable trust.

E. Financial management of gifts

The Finance and Investment Committee or the Executive Committee of the Foundation determines policies, selects investment manager(s), and oversees implementation of all policies regarding the investment of gifts received. The Foundation's investment policy statement is documented separately.

F. Life income gifts

The Foundation will maintain appropriate investment and administrative records for all life income gifts, which may include operation of a gift annuity fund segregated from other investments or endowment funds, when required by law.

G. Amendment of this policy

The Foundation will review this policy every three years (or more frequently if deemed necessary due to new or changing conditions) to recommend revisions for approval by its Board of Directors and the Benedictine Governing Board.

Attachments:

1. [Association of Fundraising Professionals' \(AFP's\) Code of Ethics](#)
2. [Donor Bill of Rights](#)
3. [E-Donor Bill of Rights](#)
4. [National Association of Charitable Gift Planners' Planning's Model Standards of Practice](#)
5. [National Association of Charitable Gift Planners' Guidelines for Reporting and Counting Gifts and Valuation Standards for Charitable Planned Gifts](#)
6. [Sample Bequest Language Form](#)
7. [IRS Publication 561](#)
8. [IRS Form 8283 Noncash Charitable Contributions](#)
9. [IRS Form 8282](#)
10. [Foundation Gift In-Kind Acceptance Form](#)
11. [Gift In Kind Flow Chart](#)
12. [Declaration of Intent Form](#)
13. [Foundation Investment Policy Statement](#)

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