

The New School

Gift Acceptance Policies and Procedures Manual

June 2009

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GIFT ACCEPTANCE POLICY OVERVIEW

The New School, a nonprofit corporation organized under the laws of the State of New York, encourages the solicitation and acceptance of gifts to The New School for purposes that will help further and fulfill its mission.

The New School is a legendary, progressive university comprising eight schools bound by a common, unusual intent: to prepare and inspire its 9,400 undergraduate and graduate students to bring actual, positive change to the world. From its Greenwich Village campus, The New School launches economists and actors, fashion designers and urban planners, dancers and anthropologists, orchestra conductors, filmmakers, political scientists, organizational experts, jazz musicians, scholars, psychologists, historians, journalists, and above all, world citizens—individuals whose ideas and innovations forge new paths of progress in the arts, design, humanities, public policy, and the social sciences. In addition to its 70 graduate and undergraduate degree-granting programs, the university offers certificate programs and more than 1,000 continuing education courses to 13,000 adult learners every year.

The following policies and procedures govern the solicitation and acceptance of gifts made to The New School and/or its supporting organization for the benefit of any of its programs, divisions or centers.

Purpose

Staff members and volunteers of The New School solicit current and deferred gifts from individuals, corporations, and foundations to further and fulfill The New School's mission.

The purpose of this policy is to:

- Define the difference between gifts, grants, contracts and sponsored research;
- Outline the different ways that donors may give to The New School;
- Govern the acceptance and recognition of gifts; and,
- Provide guidance to The New School staff and volunteers who solicit on behalf of the University.

These policies shall apply to all charitable gifts received by The New School and its supporting organization, Freunde und Förderer von The New School e. V. (Friends and Supporters of The New School).

Definitions

Gift

A gift is defined as any money, whether solicited or not, for which the donor does not retain any reversionary interest or cannot be expected to receive any material, unique, or preferential benefit from the act of donating funds. This definition follows guidelines established by the Internal Revenue Service as well as practices of other universities and nonprofit organizations. A gift is further defined as a contribution received by an institution for either unrestricted or restricted use in the furtherance of the institution for which it has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies.

The contribution is a nonreciprocal transfer in that there is no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information. If the donor receives benefits in return for the contribution, the amount of the gift recorded and reported is reduced by the fair market value of all benefits given, according to U.S. Internal Revenue Service regulations. The institution has no obligation to report to the donor how the gift is used or invested, but institutions are not prevented from providing such reports as part of donor stewardship and an institution may determine that what a donor calls a grant is, for internal record-keeping, a gift.

Grant

A grant is an award of funds for either unrestricted or restricted use in the furtherance of the institution and the terms of the award will usually require some kind of report—narrative, financial or both. Grants are the customary means of funding research, testing, and prototyping; for this reason, they are discovery-oriented rather than outcome-oriented. In the case of grant-funded scientific research, for example, the outcome of a scientific experiment cannot be guaranteed, and a negative result is no less desirable than a positive one. The law has not explicitly defined the relationship between a sponsor and a grant recipient; however, a grant should be treated with the same respect as a contract. A grant generally is construed to allow greater discretion than a contract in the conduct of the research and to provide less specificity in the definition of the intended outcome of the research.

Non-specific grants that come from institutions—family or community foundations, for example—but where the money is actually controlled or directed by an individual or specific group of individuals are usually treated as gifts. However, if the grant comes from such an institution and the University commits resources or services as a condition of the grant, and the grantor requests an accounting of the use of funds and of results of the program or projects undertaken, it is properly considered a grant.

Contracts

A contract is an agreement that has been defined by law as being between the institution and another entity to provide a benefit for compensation. The agreement is binding and creates a *quid pro quo* relationship between the institution and the entity. (Note: This definition is not intended to address gift annuity contracts or similar charitable instruments.) A contract is a legal document and requires the delivery of specific goods and services according to an agreed-upon deadline.

Sponsored Projects

Sponsored projects are established when grants are awarded to the University by external institutional sources in support of research, instruction, training, or service under an agreement that includes any one of the following: The award instrument is an agreement that binds the University to a set of terms and conditions and requires endorsement.

- The agreement obligates the investigator to a line of scholarly or scientific inquiry that typically follows a plan, provides for orderly testing or evaluation, or seeks to meet stated performance goals. The agreement establishes an understanding of how funds will be used or includes a line item budget that identifies expenses by activity, function, or project period.
- The agreement requires fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision, or the return of unexpended funds at the conclusion of the project.
- The agreement creates an obligation to report project results or dispose of tangible or intangible properties resulting from the project. Examples of tangible properties include equipment, records,

technical reports, theses, or dissertations. Intangible properties include rights in data, copyrights, or inventions.

- The agreement seeks considerations such as indemnification or imposes other terms that require legal accountability.

Finance Accounting

The New School accounts for all gifts in its financial statements in accordance with Financial Standards Accounting Board (FASB) Rules 116 and 117, which require the classification of gifts into three categories:

- Gifts that are permanently restricted by the donor.
- Gifts that are temporarily restricted by the donor.
- Gifts with no donor-imposed restrictions.

These same reporting classifications are recorded in The New School's database, Banner. Fundraising amounts represented in The New School's financial statements follow FASB guidelines, which discount the face value of gifts and pledges based on IRS discounting methodologies for determining the present value of future receipts. This is not a measure of fundraising effort, but a measure of the future value of a gift.

Development Counting and Reporting

"Counting" and "reporting" are terms used by development offices to track all of the gifts, pledges, and deferred gifts received during a specified period towards a specific fundraising goal. The intent of counting and reporting is to reflect the total impact of fundraising efforts by representing all gifts, pledges and deferred gifts at their face value.

Physical Acceptance of Funds

The University Development and Alumni Relations Office serves as the central receiving, acknowledging, recording and reporting unit for all gifts and grants. Complete records are maintained in this office. When a New School staff member receives a check, cash, or other currency, it is the responsibility of that staff member to transmit the funds to Gift Accounting within twenty-four hours. A Gift Transmittal Form, donor letter or reply form from an approved University solicitation must be attached.

Gifts of cash must be delivered in person to Gift Accounting. At the time of delivery a Gift Accounting staff member will verify the cash amount with the deliverer. As verification of the amount delivered and accepted for deposit by Gift Accounting, both the Gift Accounting staff member and the deliverer will sign a completed cash acceptance form.

The use of interoffice mail to transmit funds to Gift Accounting is not recommended. Preferred means of transmission include hand-delivery and Brinks courier delivery. Staff can also contact Yasmine Davis in the Gift Accounting office at x3715 to arrange for pick-up.

If a New School staff member receives funds while traveling on University business, he or she shall transmit the funds to Gift Accounting within twenty-four hours after his or her return.

No New School staff member may take physical possession of any non-cash item prior to acceptance by the Gift Acceptance Committee where such is required. If committee acceptance is not required for a non-cash item, the staff member shall follow the acceptance procedures as outlined in these policies.

Supporting Organization

In December 2008 The New School established a supporting organization – Freunde und Förderer von The New School e. V. (Friends and Supporters of The New School). The purpose of this organization is the promotion and international understanding of education and is to be achieved by funding and supporting student scholarships and other projects through The New School.

Donors to this organization are treated as if they are donors to the university itself. However, because this organization is established under German law, receipts must follow German tax law and German “donation certificates” must be issued for all gifts. Donors making gifts to the supporting organization should be stewarded in the same manner as donors to The New School.

All subsequent supporting organizations established in support of The New School will be established using this model as appropriate.

Legal Counsel

The New School shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate.

All prospective donors shall be strongly urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and/or estate planning consequences.

At no time should any New School staff member or volunteer involved in the solicitation of a gift serve as professional legal, tax, or financial advisor to a donor or prospect in matters relating to a gift.

Only Attorneys-at-Law, licensed to practice in the State of New York and serving The New School in the Office of the General Counsel or as outside counsel on behalf of The New School shall be authorized to offer legal opinions on matters related to gift solicitation, acceptance, and disposition.

Conflicts of Interest

When soliciting or procuring gifts for the University, Trustees, Board Members, Staff and Volunteers are under obligation to disclose any conflict of interest – or potential conflict of interest – to the University at any time when he/she becomes aware of it. In determining whether a potential conflict of interest exists, the fact that the situation could subject the University to criticism, embarrassment, or litigation should be considered and

discussed with the Senior Vice President of Development and Alumni Relations who will refer the case to the General Counsel and Vice President for Legal Affairs.

Individuals shall at all times act in a manner consistent with his or her responsibilities to the University and shall exercise due care to avoid situations that create conflicts between his or her private interests and those of the University. A “Conflict of Interest” may arise when an individual, his or her family member, or an entity with which the individual or family member is associated:

- has an existing or potential financial or other external interest that impairs or might reasonably appear to impair the individual’s independence of judgment in the discharge of his or her responsibilities to the University;
- or
- may receive a material financial or other benefit from the use or disclosure of non-public information pertaining to the University.

Ethical Considerations

The New School is committed to ethical engagement. All solicitations on behalf of The New School or any unit or program thereof shall comport with the standards in the *Donor Bill of Rights*, as developed by Council for Advancement and Support of Education (CASE) and other national organizations.

Privacy and Confidentiality

The New School’s University Office of Development and Alumni Relations adheres to the highest standards of privacy and confidentiality in regard to the university’s donors. Unauthorized use of any information in files, whether in print or electronic format, that are maintained, stored or processed by the University Office of Development and Alumni Relations, is not permitted.

Staff at The New School are not permitted to seek personal benefit from any confidential information that has come to them by virtue of their work assignment, nor are they permitted to exhibit or divulge the contents of any record or report to any person except in the conduct of their work assignment and in accordance with University Information Security policies.

The University Office of Development and Alumni Relations never knowingly includes or causes to be included in any record or report a false, inaccurate, or misleading entry. Requests for anonymity are honored as are requests concerning solicitation.

THE NEW SCHOOL GIFT ACCEPTANCE COMMITTEE

Purpose

The purpose of the Gift Acceptance Committee shall be to:

- Review complex gifts to ensure compliance with all legal and financial standards.
- Ensure that proposed gifts will not unduly restrict The New School if accepted.
- Review any gift that requires the use of The New School resources to either accept or maintain.
- Permit flexibility in the application of the Gift Acceptance Policies and Procedures.
- Approve certain naming and other special recognition decisions.

Composition

The Gift Acceptance Committee shall include the senior member of the following departments:

- Development and Alumni Relations
- Finance and Business
- General Counsel
- Provost
- University Art Committee (for gifts of artwork)

Members of the committee may appoint other individuals, as appropriate, for determining whether or not to accept a gift.

Purview of the Gift Acceptance Committee

The Gift Acceptance Committee must approve the following types of gifts prior to acceptance:

- Any security with sale restrictions or stipulations.
- Any gift of real property, regardless of its estimated fair market value.
- Any trust where The New School is named Trustee.
- Any gift that is a non-cash asset that cannot be readily liquidated.
- Any gift that is a non-cash asset over \$5,000 where the asset will not be liquidated, but instead used by any college, school, unit, program, or employee of The New School.
- Any gift or challenge grant that will require an outlay of The New School resources to either accept, maintain, or provide any exposure to liability.

Process

A New School staff member involved in the solicitation of a gift requiring prior approval of the Gift Acceptance Committee shall consult with the Senior Vice President for Development and Alumni Relations as to the process for requesting approval.

OUTRIGHT GIFTS

Outright gifts are current, irrevocable transfers to The New School.

Cash, Checks, and Credit Cards

Definition

A charitable gift to The New School that is in the form of cash, check, or currently accepted credit card (American Express, MasterCard and Visa). Gifts can be received via mail, phone, fax or through the online giving vehicle.

Examples

- John Donor wishes to make a gift to The New School Annual Fund. He sends a check to Gift Accounting in his Annual Fund reply envelope along with the reply form.
- Jane Donor hands a \$50 bill to a development officer at an alumni event.
- Joe Donor calls Gift Accounting and makes a \$100 gift via credit card.
- Josh Donor makes a gift to the Annual Fund online using his credit card.

Gift Acceptance Considerations

- Who is the legal donor?
- Is the check made payable to The New School or one of its related parties?
- Is the check signed?
- What is the date on check?

Acceptance and Processing Procedure

- 1) All gifts by check or credit card should be hand-delivered or couriered to Gift Accounting. Gifts of cash must be hand-delivered. All original documentation, including envelopes and corporate matching gift forms that accompany the gift must be included with the gift. Gifts to restricted funds may also require the submission of a Gift Transmittal Form.
- 2) No personal copies of the gift check or credit card information should be made unless all bank numbers and/or credit card numbers are completely blacked out or removed.
- 3) Business reply envelopes used for University approved solicitations shall bear the address of the University Development and Alumni Relations Office to ensure prompt processing. The address to be used for all BRE's is:
University Development and Alumni Relations Office
The New School
79 Fifth Avenue, 17th Floor
New York, NY 10003
- 4) Gift Accounting will deposit the gifts with the finance office, record the gifts in Banner and feed the transactions to the Finance module in Banner.

- 5) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files. The original documentation will be given to stewardship for receipting/acknowledging and then placed in the central donor files.

Gift Receipt/Stewardship

A tax receipt for the cash value of the gift will be sent to the legal donor. In the case of checks drawn on joint checking accounts, the receipt may be sent in the name of both parties. All receipts contain the date the gift was processed by Gift Accounting, the amount of the gift, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift. The Senior Vice President for Alumni and Donor Relations signs receipts for all gifts of under \$2,500. The President of the University signs receipts all gifts of \$2,500 or more as well as gifts from faculty, staff or board members regardless of amount.

Campaign and Annual Counting Guidelines

Cash, check, and credit card gifts are counted at face value on the date The New School processes the gift. The date on which The New School processes cash, check, and credit card gifts is not necessarily the date of gift for the donor's IRS purposes. It is the responsibility of each donor to maintain accurate records of the date of gift. Donors should not rely on The New School's gift receipt for such proof. At the end of the fiscal and calendar years, gifts made via check can be backdated to the last date of June or December provided the check is dated prior to the end of that month and the envelope is postmarked by the last date of that month. Credit card gifts can never be backdated. Gifts made through donor advised funds are credited to the fund from which the gift is made. The donor who requested the contribution will receive soft or memo credit. In this case, the donor does not receive a tax receipt from The New School. The donor has received a charitable contribution when the original gift was made to the Donor Advised Fund.

Matching Gifts

Definition

A gift to The New School made by businesses or foundations that match the voluntary contributions of employees or other eligible participants. Matching gifts cannot be used to fulfill pledges unless the matching company permits such payments, therefore matching gifts should not be considered as part of a pledge agreement between The New School and a donor.

Examples

- Jim Donor works for XYZ, Inc. XYZ, Inc. matches employee contributions to qualified charities on a 2:1 basis. Jim gives a \$50 gift to The New School and submits a matching claim form. XYZ, Inc. processes the claim and gives The New School \$100.
- Jill Donor signs a legally enforceable pledge agreement to pay The New School \$3,000 for five years. In year one, she submits a check to The New School for \$2,000 and includes a matching form from her husband's company, ABC Co. The New School processes the match and receives \$1,000 from ABC Co. However, that amount is not credited against Jill's pledge because the company does not allow matching gifts to pay off personal pledges.

Gift Acceptance Considerations

- Does the gift meet all the requirements of the matching gift company?

- Is the match being claimed for a gift from a donor advised fund? If so the matching gift company should be notified of the source of the gift to ensure The New School's matching eligibility.

Acceptance and Processing Procedure

Processing the Claim

- 1) In most cases, a donor wishing to maximize his or her contribution to The New School with a match from his or her employer may obtain a matching gift claim form from the corporate employment or benefit office. The company may also provide this information online.
- 2) The donor should complete the portion of the form with the corporation's employee information, and then submit the form with her or his gift to The New School or inform The New School that he/she has submitted the information online.
- 3) Gift Accounting will complete the matching gift claim form and submit it to the company or foundation according to the instructions on the claim form or the online process.

Processing the match

- 1) Once the matching gift is received from the business or foundation, Gift Accounting will record the matching gift amount in the Banner, and receipt the business or the foundation. All matching gifts are credited to the same fund as the donor's gift unless prohibited by the company's matching gift policy.
- 2) Gift Accounting will extend recognition credit in the form of matching gift credit to the donor who arranged for the match. Any donor recognition reports will include matching gift amounts as part of the donor's total recognition credit.

Gift Receipt/Stewardship

Where required by the matching gift company, Gift Accounting will send a tax receipt to the matching gift company. Gift Accounting will also notify the original donor that their employer has fulfilled their matching gift claim.

Campaign and Annual Counting Guidelines

Matching gifts received from companies and foundations are counted at the face value of the gift in the year they are received. Potential matching gifts, or claims, are not counted and should never be considered as a way to fulfill an individual's pledge to The New School.

Securities: Publicly Traded Stock

Definition

A charitable gift to The New School in the form of stock for which a market quotation is readily available on an established securities market.

Examples

- Jane Donor transfers to The New School 350 shares of XYZ, Inc. stock, which trades on the New York Stock Exchange.

- Joe Donor holds 500 shares of ABC Co. in certificate form. ABC Co. trades on the NYSE.

Gift Acceptance Considerations

- Does the stock need to be re-issued? Because re-issuance of stock involves external parties, The New School staff members should refrain from making promises or guarantees about the turnaround time for re-issuance.
- Are there any conditions that prohibit disposal of the stock?

Acceptance and Processing Procedure

Publicly traded stock for outright gifts may be transmitted to The New School in one of two ways: through physical delivery of stock certificates or through electronic transmission of stock held in a brokerage account.

Stocks certificates:

- 1) Stock certificates and all communication from the donor or the donor's broker related to the stock should be hand-delivered to the University Controller's office for processing.
- 2) If the donor wishes to send the certificate, he/she should send it by registered mail to the University Controller. To prevent a loss when mailing the certificate, the donor should not endorse the physical stock certificate because the endorsed stock certificate becomes transferable to any holder of the certificate. Instead, the donor should mail a signed stock power to The New School in a separate envelope. The stock power should be signed exactly as the name appears on the face of the stock certificate and list the number of shares and name of the security. Blank stock powers can be obtained from a bank, stockbroker or the University Finance office.
- 3) Finance will take care to get the stock sold. Once sold, Finance will value the stock and relay this information to Gift Accounting. It is the policy of the University to sell all stock immediately upon receipt and identification of the donor.
- 4) Gifts of securities are only entered in Banner once the stock has sold. Gift Accounting will enter the information in Banner and process the transaction to the Finance module. The stock will be valued using the average of the high and low trading values for the security on the date of the gift. The date of the gift is the date the securities are placed in The New School's account as opposed to the date on which the donor gave instructions to the broker to transfer the securities.

Electronic transmission:

- 1) Instruct the donor or the donor's broker to transfer the shares electronically to The New School using the information found on the Securities Transmittal Form. One copy of this form should be faxed to Gift Accounting since the brokerage firm will only alert us to the number and type of shares received and not the donor's name. The current form can be found on The New School's website at: <http://www.newschool.edu/forms/securitiestransmittal.pdf>
- 2) Gift Accounting will contact the Finance Office to alert them of the impending gift and provide the number of shares, the name of the company, the name and Banner ID of the donor and the purpose of the gift.

- 3) Finance will issue instructions to the university's brokerage firm to sell the stock. Once sold, Finance will value the stock and relay this information to Gift Accounting. It is the policy of the University to sell all stock immediately upon receipt and identification of the donor.
- 4) Gifts of securities are only entered in Banner once the stock has sold. Gift Accounting will enter the information in Banner and process the transaction to the Finance module. The stock will be valued using the average of the high and low trading values for the security on the date of the gift. The date of the gift is the date the securities are placed in The New School's account as opposed to the date on which the donor gave instructions to the broker to transfer the securities.

Gift Receipt/Stewardship

A receipt will be sent for tax purposes to the legal donor with the date The New School took possession of the security, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift. In addition, the receipt will list the number of shares, the name of the security and the average price per share for the date. The donor's legal date of gift is the date the securities are received in The New School's account as opposed to the date on which the donor gave instructions to the broker to transfer the securities.

For gifts of securities, the official date of the gift will be determined depending on how it is made:

- By mail, the official date is the postmark date.
- By overnight carrier, the official date is date of receipt by The New School.
- By re-registering the security into The New School's name, it is the date on the new certificate(s).
- By electronic transfer, it is the date the security is received into The New School's brokerage account.

Campaign and Annual Counting Guidelines

Publicly traded stock is counted at the average of the high and low selling price (mean) on the day The New School took control of the stock. If there are no trades on the date of gift, the fair market value is the average of the high and low selling price on the trading day immediately before and immediately after the date of the gift.

Securities: Privately Traded Stock

Definition

Stock for which there exists no public market on a stock exchange, over-the-counter market, or otherwise.

Examples

- John Donor is the President of a small, privately held company. He gives fifty shares of his company's stock to The New School.

Gift Acceptance Considerations

- Can the stock be liquidated immediately?
- Are there any conditions that prohibit disposal of the stock?
- Is the gift credit the donor will receive consistent with his or her intentions?

Acceptance and Processing Procedure

All gifts of privately traded stock must be evidenced by a stock certificate.

- 1) Contact the University Controller.
- 2) If the security is determined to have stipulations or restrictions regarding the sale or disposal of the stock or the gift is \$5,000 or more, then the Gift Acceptance Committee must first approve the gift.
- 3) The Controller's Office will establish a valuation method for the securities and will liquidate the stock. It is the policy of the University to sell all securities upon receipt and identification of the donor.
- 4) The Finance office will notify Gift Accounting of the valuation.
- 5) Gifts of securities are only entered in Banner once the stock has sold. Gift Accounting will enter the information in Banner and feed the transaction to the Finance module in Banner.
- 6) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files.

Gift Receipt/Stewardship

A receipt will be sent for tax purposes to the legal donor with the date The New School took possession of the security, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift. In addition, the receipt will list the number of shares, the name of the security and the average price per share for the date. The donor's legal date of gift is the date the securities are received in The New School's account as opposed to the date on which the donor gave instructions to the broker to transfer the securities.

For gifts of securities, the official date of the gift will be determined depending on how it is made:

- By mail, the official date is the postmark date.
- By overnight carrier, the official date is date of receipt by The New School.
- By re-registering the security into The New School's name, it is the date on the new certificate(s).
- By electronic transfer, it is the date the security is received into The New School's brokerage account.

Campaign and Annual Counting Guidelines

Gifts of privately traded stock that exceed \$10,000 in fair market value are reported at the fair market value placed on them by a qualified independent appraiser and as recorded on IRS Form 8283. Privately traded stock that is expected to be \$10,000 or less will be valued at the per share cash purchase price of the most recent transaction or by another method at the discretion of The New School.

Life Insurance

Definition

A policy that will pay a specified sum to beneficiaries upon the death of the insured. Donors may make an outright gift of a policy to The New School by irrevocably transferring all incidents of ownership in a policy to The New School. There are multiple types of life insurance policies.

Term Life

Form of pure life insurance having no cash surrender or loan value and generally furnishing insurance protection for only a specified or limited period of time.

Whole Life

A life insurance policy in which the insured pays a level premium for his or her entire life and in which there is a constantly accumulating cash value against which the insured can withdraw or borrow.

Universal Life

Insurance over a specified period of time, which builds cash value for policyholders over time. This type of policy emphasizes the separation of the portion of the premium that is used to cover the insurance protection from the portion of the premium allocated to an investment that is used to build the policy's cash value.

Variable Life

A distinct type of whole life insurance in which some amount of the death benefit is guaranteed by the insurer, but the total death benefit and the cash value of the insurance before death depend on the investment performance of that portion of the premium which is allocated to a separate fund.

Group Life Insurance

Type of life insurance commonly offered by companies to their employees in which there is a master insurance contract providing life insurance benefits to each covered employee.

Many policies are hybrids of one or more of the above types.

Examples

- John Donor, age 60, bought a whole life policy on his life when his children were very young. Now that his children are grown and the policy is fully paid up, he donates it to The New School, which surrenders it and receives cash.
- Jane Donor owns a universal life policy on her life that currently has a cash surrender value of \$57,000. She transfers it to The New School, which cashes it out and uses the funds for a purpose Donor has specified.

Gift Acceptance Considerations

- Is the policy paid up?
- Are there fewer than 10 years of premiums due?

Acceptance and Processing Procedure

- 1) Gifts of life insurance must be first be approved by the Gift Acceptance Committee.
- 2) A donor must transfer all ownership rights in a life insurance policy to receive a charitable deduction. If he or she only specifies The New School as the beneficiary of a policy, but retains ownership, the donor has made a revocable deferred gift, which will be addressed later in these policies.

- 3) Finance will work with Gift Accounting in determining the cash surrender value of the gift. Once this value has been established, Gift Accounting will enter the information in Banner and feed the transaction to the Finance module. The date of the gift is the date the University became owner and beneficiary.

Gift Receipt/Stewardship

A tax receipt for the cash value of the gift will be sent to the legal donor. The receipt should contain the date the University became owner and beneficiary, the cash surrender value of the policy, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift.

Campaign and Annual Counting Guidelines

The cash surrender value of the policy when transferred, as well as any subsequent premium payments are counted as outright gifts as long as the University is the owner and beneficiary of the policy.

Retirement Plan Distributions

Definition

Distributions are the payments made from a retirement plan to the account owner, or, in the case of the account owner's death, the beneficiary.

A beneficiary may transfer funds from a retirement plan by taking a distribution from the plan, paying income tax on the distribution and then making a gift to The New School. In this case, the donor would be making an outright cash gift and would be eligible for a deduction.

Congress recently passed a bill that included an extension to the IRA Charitable Rollover provision. The legislation allows IRA owners aged 70 1/2 and older to make direct transfers from their IRA of up to \$100,000 per year to charity without having to recognize the transfer as income. In addition, the transfers will count towards the minimum required distribution each individual is required to take from retirement accounts each year. At this time, the provision is retroactive to the start of 2008 and will continue through December 31, 2009.

Examples

- Joan Donor, age 65, receives her IRA distribution and decides to make a donation to The New School.
- Jim Donor, age 75, contacts his IRA plan administrator and asks to have a check sent directly to The New School.

Gift Acceptance Considerations

- Who is the legal donor?
- Is the check made payable to The New School or one of its related parties?

Gift Acceptance and Processing

- 1) All gifts by check or credit card should be hand-delivered or couriered to Gift Accounting. Gifts of cash must be hand-delivered. All original documentation, including envelopes and corporate matching gift

forms that accompany the gift must be included with the gift. Gifts to restricted funds may also require the submission of a Gift Transmittal Form.

- 2) Gift Accounting will deposit the gifts with the finance office, record the gifts in Banner and feed the transactions to the Finance module in Banner.
- 3) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files. The original documentation will be given to stewardship for receipting/acknowledging and then placed in the central donor files.

Gift Receipt/Stewardship

A tax receipt for the cash value of the gift will be sent to the legal donor. All receipts contain the date the gift was processed by Gift Accounting, the amount of the gift, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift.

For gifts made under the IRA Charitable Rollover provision, a specific receipt containing language that the gift was received directly from the plan trustee/administrator, that the organization is qualified under specific IRS code, that the gift was not transferred to a donor advised fund or supporting organization and that no goods or services were provided in exchange.

Campaign and Annual Counting Guidelines

Retirement plan distribution gifts are treated as outright gifts and counted at the face value of the gift.

GIFTS IN-KIND

Real Property

Definition

Also called “real estate” or “real property,” gifts of land include land and any buildings or other structures and any natural resources on or under that land.

The acceptance process in this policy is only intended to provide a general framework on how gifts of real property may be evaluated for acceptance. Due to the complexities of gifts of real property and the potential for liability for the University, The New School staff and volunteers should proceed with caution in discussing such gifts with prospective donors. At no time prior to full approval should a staff member or volunteer accept a gift of real property or suggest to the prospective donor that such acceptance is likely or will occur. Final approval must be granted through the Gift Acceptance Committee. The New School will not accept gifts of an interest in a timeshare property or program.

Examples

- Jane Donor owns 100 undeveloped acres in the mountains that she would like to give to The New School.
- John Donor would like to donate his house in Atlanta to The New School.

- Jane Donor proposes funding a charitable remainder trust with her vacation home. (Any proposed gift of real property to fund a planned gift will be subject to the Gift Acceptance Policies governing both Real Property and the proposed type of planned gift vehicle, such as a bequest, life estate or charitable remainder trust.)

Gift Acceptance Considerations

- Is the property subject to mortgage or debt?
- Are there any unrelated business income tax issues?

Acceptance and Processing Procedure

- 1) Staff must obtain approval of the Gift Acceptance Committee before accepting the gift. The Gift Acceptance Committee will coordinate with The New School Board of Trustees, as needed, and will abide by all related university guidelines and procedures. Consideration of a transaction by the Gift Acceptance Committee shall not substitute for Board approval, where such is required.
- 2) If the gift is approved, Finance will coordinate the gift. Generally speaking, the IRS requires that donors seeking to make a gift of real property with a fair market value in excess of \$5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, The New School cannot and will not pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift. If The New School chooses to conduct its own independent appraisal of the property, The New School will bear all costs of that appraisal.
- 3) The New School reserves the right to liquidate, upon transfer or any time thereafter, any real property obtained through charitable donation, unless otherwise specified in a legally binding agreement between The New School and the donor(s). Typically, real estate is transferred by a written deed that is then delivered to the recipient or recorded in the county records where it is located. Some states allow for other methods of transfer. All gifts of real estate must be processed and recorded in accordance with governing law; failure to do so may result in an incomplete gift.
- 4) Shortly after the gift has been completed, Finance will notify Gift Accounting of the gift and the valuation. Gift Accounting will enter the information in Banner and process the transaction to the Finance module.

Gift Receipt/Stewardship

Gift Accounting will acknowledge the gift to the legal donor in a letter containing the date the gift was received and a description of the property. No valuation will be included in the letter. IRS requirements for gift substantiation note that the donor has the responsibility for valuing gifts of property for tax deduction purposes.

The University Controller shall file IRS Form 8282 upon the sale or disposition of any real property sold within two years of receipt when the value of the gift exceeds \$5,000.

Campaign and Annual Counting Guidelines

Gifts of real property are counted at the values placed on them by a qualified independent appraiser as required by the IRS for valuing non-cash charitable contributions. This valuation will be provided to Gift Accounting by Finance.

Tangible Personal Property

Definition

Gifts of property are assets that can be touched, handled, or moved by an individual. Tangible personal property includes items like automobiles, art, furniture, jewelry, coin or stamp collections, boats, and similar assets.

In evaluating the cost associated with receiving a gift of personal property the following may be taken into consideration:

- Transportation cost
- Storage cost
- Cost of selling
- Cost of maintenance and repairs
- Location of property
- Cost of insurance

Examples

- Joan Donor owns an automobile she wishes to donate to The New School.
- John Donor owns a contemporary painting he wishes to donate to The New School.
- XYZ Fabric Company would like to donate 1000 yards of fabric to The New School for use in the classroom.

Gift Acceptance Considerations

- Does transfer of the gift require a title transfer?
- Does the gift appraise in excess of \$5,000?
- Does the gift require additional expenditures to maintain the asset after receipt? If so, a gift of cash might need to be negotiated before acceptance of the property.

Acceptance and Processing Procedure

- 1) When The New School accepts gifts of tangible personal property it also accepts the risks and responsibilities of maintaining or selling that asset. Therefore, the Gift Acceptance Committee must approve any gift of tangible personal property with the exception of donations to be used in an auction or other special event or items donated for use by the school, department or employee that is to be used in the classroom as long as the value of the item is less than \$5,000. For items donated for auction or special event, refer to the section on Auctions in these procedures.
- 2) The IRS requires that donors seeking to make a gift of tangible personal property with a fair market value in excess of \$5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, The New School cannot and will not pay for nor reimburse a donor for his or her

appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift. If no appraisal is required, the Finance office will work with Gift Accounting on the method for determining the value, which may not be the same amount the donor claims when making the gift. If The New School chooses to conduct its own independent appraisal of the property, The New School will bear all costs of that appraisal. The New School reserves the right to liquidate, upon transfer or any time thereafter, any tangible personal property obtained through charitable donation, unless otherwise specified in a legally binding agreement between The New School and the donor(s).

- 3) Tangible personal property is transferred by a conveyance of title to the property or by a deed of transfer where such documents govern the sale or disposition of said property, such as planes, automobiles, and motorcycles. When such a document is required, the gift is complete when title is transferred.
- 4) Where transfer of title is not required, the gift is complete when an official staff member of The New School receives the property.
- 5) The donor should follow up the transfer of the property with a letter detailing the gift made. Donors may need to complete IRS form 8283 and all other required government documents. If the donor submits IRS form 8283, the form will be sent to the University Controller for signature along with confirmation (either letter or email) from the staff person who accepted the gift.
- 6) Finance will work with Gift Accounting in determining the value of the gift using either the appraised value or a Fair Market Value. Once a value has been established, Gift Accounting will enter the information in Banner and feed the transaction to the Finance module. The GP (gift of property) gift code will be used for many of these transactions, however there are some cases where GI(gift in-kind) may be used. Gift Accounting should consult with Finance prior to gift entry if there is uncertainty.

Gift Receipt/Stewardship

Gift Accounting will acknowledge the gift to the legal donor in a letter containing the date the gift was received and a full description of the property. No valuation will be included in the letter. IRS requirements for gift substantiation note that the donor has the responsibility for valuing gifts-in-kind for tax deduction purposes. Should a donor absolutely insist on receiving an acknowledgment letter with a stated value the following wording is to be used: “thank you for your gift of X, **which you valued at \$##**”.

The University Controller shall file IRS Form 8282 upon the sale or disposition of any real property sold within two years of receipt when the value of the gift exceeds \$5,000.

Campaign and Annual Counting Guidelines

Gifts of real and personal property, which qualify for a charitable deduction, are counted at their full fair market value. Gifts of software and hardware that qualify as a charitable donation under the laws of the appropriate tax authority and that have an established retail value are counted at the educational discount value if such exists or the fair market value.

Intellectual Property

Definition

Intellectual property refers to the creations of the human mind, such as inventions and literary or artistic works, and to symbols, names, images, and designs used in commerce.

Examples

- John Donor, a professor, gives to The New School the copyright to his popular book.
- Joan Donor, a cartoonist, gives to The New School all trademark and licensing rights associated with one of her popular characters.

Gift Acceptance Considerations

- Is there potential for unrelated business taxable income, the carrying costs, and the potential for revenue from the gift?
- Are there any legal, ethical, and public relations issues that might arise from acceptance of the gift?
- Will receiving and enjoying the value or benefit of the intellectual property subject The New School to any risk of a legal claim? It may be necessary to obtain paperwork and assurances from the donor verifying his or her rights and the absence of any infringement issues.

Acceptance and Processing Procedure

- 1) The management of intellectual property rights can be complicated; therefore the Gift Acceptance Committee must approve all gifts of intellectual property prior to acceptance.
- 2) The IRS requires that donors seeking to make a gift of intellectual property with a fair market value in excess of \$5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, The New School cannot and will not pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift. If The New School chooses to conduct its own independent appraisal of the property, The New School will bear all costs of that appraisal. The New School reserves the right to liquidate, upon transfer or any time thereafter, any intellectual property obtained through charitable donation, unless otherwise specified in a legally binding agreement between The New School and the donor(s). Any such restrictions may impact its marketability and therefore the value of the gift.
- 3) Finance will work with Gift Accounting in determining the value of the gift using either the appraised value or a Fair Market Value. Once a value has been established, Gift Accounting will enter the information in Banner and feed the transaction to the Finance module.

Gift Receipt/Stewardship

Gift Accounting will acknowledge the gift to the legal donor in a letter containing the date the gift was received and a full description of the property. No valuation will be included in the letter. IRS requirements for gift substantiation note that the donor has the responsibility for valuing gifts-in-kind for tax deduction purposes.

Campaign and Annual Counting Guidelines

Gifts of intellectual property that qualify for a charitable deduction are counted at the full fair market value.

Donor Hosted Events

Definition

Donor Hosted Events are University-sponsored events for which the donor directly pays for all or most of the expenses. These events are held in the donor's private home or other off-campus facility.

Examples

- June Donor has a dinner party for 10 cultivation prospects in her home. She pays the caterer, wait staff and entertainment directly.
- Joy Donor offers to host a fundraising committee planning meeting at her country club. She pays the club's rental fee as well as all associated catering fees.

Gift Acceptance Consideration

- Is the event for University purposes?
- If it's a cultivation event, can the University solicit the attendees?
- Who from the University is in attendance at the event?

Acceptance and Processing Procedures

- 1) Donor documentation of the hosted event should be provided to Gift Accounting. Documentation should include the following: memo from the University employee or letter from the donor outlining the costs incurred and provided for by the donor, guest lists for the event and copies of all event invitations. The donor may also submit copies of all receipts and cancelled checks for verification, but this is not required.
- 2) Gift Accounting will calculate a preliminary value for the event based on currently accepted values. . Current valuations are \$60 per person for cocktail parties, \$110 per person for buffet and \$150 per person for sit-down dinners. Other factors, like entertainment or additional service costs associated with the event, may also play into the final valuation. All valuations are to be reviewed and approved by the Assistant Vice President for Development and Alumni Relations before entry into Banner.
- 3) Once a value has been established, Gift Accounting will enter the information in Banner and feed the transaction to the Finance module. The GI (gift in kind) gift code will be used for this transaction.

Gift Receipt/Stewardship

Acknowledgment of the event is sent to the donor outlining the date of the event, the purpose of the event and the specific services paid for by the donor. No valuation will be included in the letter. IRS requirements for gift substantiation note that the donor has the responsibility for valuing gifts-in-kind for tax deduction purposes. For donor hosted events, paid invoices for the services along with an acknowledgment from the University on the event will generally be sufficient, but a donor should consult his/her tax advisor for specifics.

Campaign and Annual Counting Guidelines

Donor hosted events are counted according to generally accepted valuations as determined by the University Development and Alumni Relations Department. Current valuations are \$60 per person for cocktail parties, \$110 per person for buffet and \$150 per person for sit-down dinners. Other factors, like entertainment or

additional service costs associated with the event, may also play into the final valuation. All valuations are to be reviewed and approved by the Assistant Vice President for Development and Alumni Relations.

SPLIT-INTEREST GIFTS

A split interest gift divides the income and principal benefits between charitable and non-charitable beneficiaries.

Charitable Remainder Trusts

Definition

A CRT is an irrevocable trust authorized and governed by federal tax law that benefits the donor or other individuals named by the donor (known as “income beneficiaries”) for a term of years or lives. Upon the termination of the trust, the remaining assets pass to one or more qualified charities (known as “remainder beneficiaries.”) The donor specifies a payout percentage, which the income beneficiaries receive annually. The minimum payout percentage is 5%. The donor names a Trustee who manages the assets and ensures that both the specified annual payout and the remainder are distributed as per the terms of the trust and in accordance with federal and state law. The Trustee has a fiduciary duty vis a vis the trust and its beneficiaries.

CRTs are tax-exempt trusts. The assets within them may be bought and sold without regard to capital gains taxes. However, CRT payouts to individual beneficiaries are subject to income taxation. To establish a CRT, a donor should consult an attorney to draft the trust document. He or she must name a Trustee in the trust document. Once the trust is fully and legally executed, the donor may then transfer assets into the trust. Often, the initial assets are liquidated and reinvested. There are two types of standard CRTs – see below for details.

Charitable Remainder Unitrust (CRUT)

A CRUT distributes a fixed percentage of the fair market value of the trust assets, calculated annually. A donor may make additional contributions to a CRUT after it is established.

Charitable Remainder Annuity Trust (CRAT)

A CRAT distributes a fixed dollar amount based on the original fair market value of the assets contributed to the trust. No additional contributions are allowed.

Examples

- Jack Donor hires an attorney to plan his estate. Together, they decide a CRUT would be a good option. The attorney drafts the trust document and Jack and his wife execute it and name Acme Bank as Trustee and names The New School as one of two remainder beneficiaries. Acme Bank sets up a new account for the trust assets. Jack transfers approximately \$500,000 in XYZ, Inc. stock to the CRUT. He specified a 5% payout rate and named himself and his wife as income beneficiaries. They will receive a payout of roughly \$25,000 in the first year of the trust. Their payout fluctuates over the years as the assets in the trust grow and decline. When both Jack and his wife die, the assets that remain in the CRUT will be split between The New School and one other charity.
- Jim Donor is a single man who wants to establish a CRT. Jim funds the trust with \$1.5 million and opts for a 5.5% payout rate. Jim’s attorney recommends a CRAT. Jim is the lone lifetime beneficiary and the trust will terminate when he dies. He receives \$225,000 each year until his death. His payout amount

does not change, regardless of the performance of the trust assets. When Jim dies, The New School will receive all of the assets remaining in the trust, as Jim irrevocably named The New School as sole remainder beneficiary.

Gift Acceptance Considerations

- Is the proposed payout rate acceptable to The New School?
- Can the proposed funding assets be readily liquidated?
- If there is another proposed remainder beneficiary, are there any conflicts or other reasons not to accept the fiduciary responsibility for a trust that benefits them?
- Are there any other extenuating circumstances that make acceptance risky for The New School?

Acceptance and Processing Procedure

If a CRT is already in existence:

- 1) A development officer may, in the course of cultivation, uncover information about a CRT that the donor has already created for the benefit of The New School. In such circumstances, the development officer should thank the donor and ask for documentation of the trust as appropriate for continued cultivation. Ideally, The New School would like a copy of the entire trust document. Alternatively, we would ask for a copy of the provision naming The New School as beneficiary or a letter from the donor or the donor's attorney stating that his or her client has included The New School in a CRT. Such documentation enables proper stewardship of the donor.

If a CRT is proposed as a gift option:

- 1) During the course of major gift conversations, a donor, his or her advisor, or a New School development officer may propose a CRT. Once a CRT has been proposed, the development staff member work with the Assistant Vice President for Development and Alumni Relations. If a donor chooses an external Trustee, The New School will not have any leverage to negotiate the payout rate, The New School's remainder percentage, or the ages and number of income beneficiaries. The only requirements will be those imposed by law; notably, the payout rate must be at least 5% and the trust must pass a federal test for likelihood of exhaustion before termination. The New School has traditionally served as Trustee of CRTs and will continue to do so. However, The New School will not agree to serve as Trustee unless all of the following requirements are satisfied:
 - The New School must be the irrevocable remainder beneficiary of at least 50% of the CRT.
 - The fair market value of the funding assets must be at least \$100,000.
 - The payout rate of the CRT must be at least 5% and no more than 50% of the net fair market value of the trust.
 - All life income beneficiaries must be at least 55 years of age.
- 2) Any CRT where The New School will serve as Trustee will require prior approval of the Gift Acceptance Committee. In addition to the above requirements, the Gift Acceptance Committee will review the proposal with the issues listed under Gift Acceptance Considerations.
- 3) After the Gift Acceptance Committee has accepted Trusteeship of a CRT, the Assistant Vice President for Development and Alumni Relations will work with gift accounting, finance and legal staff to facilitate creation of the trust account.

Gift Receipt/Stewardship

A receipt for the face value of the gift will be sent to the legal donor. The receipt contains the date the gift was processed by Gift Accounting, the face value of the gift, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift.

Campaign and Annual Counting Guidelines

A CRT where The New School is irrevocably named remainder beneficiary, including those administered outside of The New School, is counted at the face value of The New School's proportional share for public reporting purposes, and at the discounted present value of The New School's proportional share to CASE and CAE.

Pooled Income Fund

Definition

A Pooled Income Fund is a gift plan authorized and governed by federal tax law that allows donors to receive income for themselves or others for life, and make a generous gift to charity after they die. The New School Pooled Income Fund would allow donors to make gifts to the Fund for the future benefit of The New School as designated by the donor. The Fund permits the donor to direct the account's net income to one or two persons for life, usually the donor and/or the donor's spouse. By making an irrevocable gift of cash or readily marketable securities to the Fund, a donor "purchases" units in the Fund. His or her donations are "pooled" with those of all other Fund participants. The donor may qualify for an immediate tax deduction for the value that will eventually pass to charity, avoids capital gains tax on the sale of the asset by the Fund after its transfer, and may reduce estate taxes. The New School reserves the right to set standards for minimum contributions.

Example

- John Donor contributes \$35,000 in cash to The New School Pooled Income Fund. In exchange, he receives 20 units in the Fund. At the end of the quarter, each unit in the Fund has yielded \$70.00 in income. John will receive \$70.00 for each of his 20 units, or \$1,400. At the end of his life, the value of his units will be transferred out of the Fund and into the account he designated at The New School.

Gift Acceptance Considerations

- Is the donor already participating in the Pooled Life Income Fund?
- Does the donor meet the minimum qualifications to participate in the fund?

Acceptance and Processing Procedure

- 1) The New School may accept gifts to its Pooled Life Income Fund that meet the following requirements:
 - Funding asset is cash, publicly traded stock, or other readily marketable securities with a minimum market value of 10,000.
 - No beneficiary is younger than 55 years of age;
 - No more than two life income beneficiaries are named per account.
- 2) The following may not be contributed to the Pooled Income Fund:
 - Tax-exempt securities, such as certain bonds, pursuant to federal law

- Corporate matching gifts.
- 3) Donors may make additions to their existing fund account once they participate in the Fund, provided each addition is at least \$1,000.
 - 4) Gift Accounting will deposit the gift with the finance office, record the face value of the gift in Banner and feed the transactions to the Finance module in Banner. The auxiliary form can be used to record the discounted present value of the gift.
 - 5) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files. The original documentation will be given to stewardship for receipting/acknowledging and then placed in the central donor files.

Gift Receipt/Stewardship

A receipt for the face value of the gift will be sent to the legal donor. The receipt contains the date the gift was processed by Gift Accounting, the face value of the gift, the purpose of the gift (Pooled Life Income Fund) and a statement as to whether any goods or services were provided in exchange for the gift. A donor should consult his/her tax advisor as the income tax deduction he/she receive when giving through a pooled income fund is based on an Internal Revenue Service formula that considers age, the ages of other income beneficiaries, the projected assumed payout of the fund, and a federal index rate.

Campaign and Annual Counting Guidelines

Gifts made to establish a pro rata interest in a pooled income fund are counted at the face value for public reporting purposes, and at the discounted present value to CASE and CAE.

Charitable Lead Trust

Definition

The Charitable Lead Trust (CLT) could be described as the opposite of the Charitable Remainder Trust. In a CRT, the income beneficiaries are individuals and the remainder beneficiary is a charity. Conversely, in a CLT, the charity receives the annual payments and at the expiration of the trust term, the remainder is distributed to individuals. A CLT is created by a properly executed trust document, wherein the donor specifies all beneficiaries, determines the term of the trust and the payout rate, and designates a Trustee. Then, the donor irrevocably transfers assets to the Trustee for management. The Trustee is responsible for administering the income payout to the one or more charities selected by the donor for a specific time period. At the end of this time period the trust terminates and all remaining assets are distributed to named individuals or returned to the donor. There are two types of CLT. See below for details.

Charitable Lead Unitrust (CLUT)

A CLUT distributes to charity a fixed percentage of the fair market value of the trust, calculated annually. The annual payout for a CLUT will vary.

Charitable Lead Annuity Trust (CLAT)

A CLAT distributes to charity a fixed dollar amount based on the original fair market value of assets contributed to the trust. The annual payout for a CLAT will not vary. Unlike charitable remainder trusts, CLTs do not have a minimum or maximum payout rate by law, and their term can be for any number of years, or for the life of one or more living individuals. Unlike CRTs, CLTs are not exempt from income taxation.

Grantor CLT

A grantor CLT returns the remainder interest to the donor at the end of the term.

Non-grantor CLT

A non-grantor CLT distributes any remaining assets after termination to other individuals named by the donor, typically the donor's descendants.

Examples

- Jessica and Jeffrey Donor create a CLUT and transfer approximately \$1 million in securities to it. They name three charities as income beneficiaries, and The New School is one of those charities. They set a 6% payout rate, which means that in the first year, approximately \$60,000 will be distributed from the trust. The New School will receive one-third of that payout, or approximately \$20,000 in the first year. Subsequent payout amounts will depend on the investment performance of the trust assets. The donors specified a twenty-year term. At the end of the twenty years, the trust will be terminated and the remaining assets will be transferred to Jessica and Jeffrey. At this time, the payout to The New School ceases. This is a grantor CLUT.
- Jane Donor's will creates a testamentary CLAT. She dies, and her entire estate funds the CLAT. The initial funding value of the CLAT is \$35 million. She specified a payout rate of 10% in her will, and so each year, \$3.5 million will be distributed to The New School, the sole charitable beneficiary. This payout amount will not change, regardless of the performance of the investments in the trust. At the end of the ten-year trust term, the assets that remain in the trust will be distributed to Jane Donor's ten grandchildren and all payouts to The New School cease. This is a non-grantor CLAT.

Gift Acceptance Considerations

- Is The New School named as Trustee?

Acceptance and Processing Procedure

- 1) Because of the tremendous potential for liability, the sophisticated nature of the CLT, and the oversight required to ensure that a CLT benefits the donor and remainder beneficiaries, The New School will not serve as a Trustee for a CLT.
- 2) When a New School representative becomes aware of a proposed CLT or an existing CLT, the matter should be referred to the Assistant Vice President for Development and Alumni Relations for handling and coordination with other New School administrative offices. To establish a Lead Trust, a minimum of \$200,000 is suggested.

- 3) Once accepted, Gift Accounting will deposit the gift with the finance office, record the face value of the gift in Banner and feed the transactions to the Finance module in Banner. The auxiliary form can be used to record the discounted present value of the gift.
- 4) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files. The original documentation will be given to stewardship for receipting/acknowledging and then placed in the central donor files.

Gift Receipt/Stewardship

Although there is no income tax deduction when you create a charitable lead trust, your gift or estate tax may be greatly discounted and any growth is passed to your heirs' gift and estate tax free. A receipt for the face value of the gift will be sent to the legal donor. The receipt contains the date the gift was processed by Gift Accounting, the face value of the gift, the purpose of the gift (Pooled Life Income Fund) and a statement as to whether any goods or services were provided in exchange for the gift.

Campaign and Annual Counting Guidelines

Gifts from charitable lead trust are counted at face value.

DEFERRED GIFTS

A deferred gift is a gift that is arranged now, but fulfilled later.

Bequest Intentions

Definition

A bequest intention is a gift made through a will or through a trust substituting for a will, such as a revocable trust. Gifts through estates, such as bequests, allow donors to make far larger charitable gifts than they are able to make during their lifetimes while allowing them the use of their assets during life. A bequest intention may be outright or contingent. If outright, The New School will receive the funds designated, provided there are sufficient assets in the estate to fill the bequest intention. If contingent, The New School will only receive the funds specified in the bequest intention under certain conditions. A bequest intention may also be specific or residual. A specific bequest intention directs a sum certain or a particular asset to The New School. A residual bequest intention directs a percentage of the residue of the estate; after all other claims on the estate have been satisfied. Because bequest intentions are subject to change or revocation at the donor's direction during lifetime, they are revocable gifts. The majority of revocable estate gifts are not disclosed to charities, but are discovered only after the death of the donor.

Examples

- Joe Donor makes an outright specific bequest intention through his will: "I give and bequeath the sum of \$50,000 to The New School, an educational institution in New York, for its general purposes."

- Jay Donor makes a contingent specific bequest intention through his will: “I give and bequeath the sum of \$50,000 to my cousin Jessica Donor if she survives me and to The New School, an educational institution in New York, for its general purposes if she is deceased prior to my death.”
- Jill Donor makes a contingent residual bequest intention to through her revocable trust: “If neither of my children, Jane and Jack, are living at the time of my death, then I give and bequeath the rest, residue, and remainder of my estate to The New School, an educational institution in New York, for its general purposes.”
- Jeff Donor makes an outright residual bequest intention of a percentage of his estate: “I give and bequeath 20% of the rest, residue, and remainder of my estate to The New School, an educational institution in New York, for its general purposes.”

Gift Acceptance Considerations

- Will this bequest intention supersede the potential for the donor to make a more significant outright gift?

Acceptance and Processing Procedure

- 1) A development officer proposing a bequest intention to a donor may contact the Assistant Vice President for Development and Alumni Relations for specific language the donor may offer to his or her estate-planning attorney. Under no circumstances will any representative of The New School draft a Last Will and Testament or other related estate planning documents for a donor, as this would be a conflict of interest. The New School representatives shall not sign as witnesses to wills under which they know The New School has been named as a beneficiary. If a New School representative learns that he or she has been named executor or other legal actor under a donor’s estate plan, the representative shall promptly contact the Office of General Counsel for assistance in requesting the donor change the document. No New School representative should volunteer to serve as executor or other legal actor under a donor’s estate plan if The New School has been named beneficiary, unless the donor is the representative’s family member or spouse and would likely have been named executor anyway.
- 2) When a donor informs a New School representative he or she has included The New School in his or her estate plan, whether in a will or trust, the New School representative shall contact the Assistant Vice President for Development and Alumni Relations with the known details of the bequest intention. The development officer should try to obtain documentation of the bequest, where appropriate and in the best interest of continued cultivation of the donor. If the donor is willing to disclose details about the bequest intention, then the gift can be recorded at both its face value and its net present value and may qualify for inclusion in campaign totals. The minimum documentation required to record a bequest would include any one of the following:
 - i. An “Estate Intention Letter” which is signed by the donor and provides an estimate of the amount of the estate gift;
 - ii. or, a copy of the legal document establishing the estate gift, such as the relevant provision of the will or trust.
- 3) Once obtained, this documentation should be given to the Assistant Vice President for Development and Alumni Relations so that the donor may be properly stewarded. If the donor is unable or unwilling to provide the requested documentation, the New School representative should write a memo to the file with “N/A” as the estimated fair market value. When a donor does not provide an estimated fair market value, the estate expectancy will be valued at \$1.00.

Gift Receipt/Stewardship

Bequest intentions should be acknowledged so the donor can be properly stewarded. No amount should be stated in the acknowledgment.

Campaign and Annual Counting Guidelines

At this time, bequest intentions are not recorded in Banner and therefore not counted in development totals. Should this change; bequest intentions would be counted at a discounted amount based on the age of the donor or donors. For public reporting purposes, the face value of bequest expectancies would be discounted based upon the age of the donor.

Life Insurance Beneficiary Designations

Definition

A donor may name The New School beneficiary of a life insurance policy without transferring ownership of that policy to The New School. When a donor only names The New School beneficiary and does not transfer ownership, she or he has made a revocable deferred gift, similar to a bequest in a will. Like a bequest intention, this gift is an expectancy.

A donor may choose to name The New School as either primary or secondary beneficiary. If The New School is secondary beneficiary, then the expectancy is contingent, as it depends on the occurrence of another event.

Examples

- Julie Donor is a 77 year-old widow. She owns a universal life insurance policy with a \$250,000 death benefit and names The New School as beneficiary.

Gift Acceptance Considerations

- Is The New School the primary or secondary beneficiary?

Acceptance and Processing Procedure

Naming a charity as beneficiary of a life insurance policy can have an impact on a donor's estate plan. Accordingly, any donor considering such a gift should be strongly encouraged to consult with his or her legal and financial advisors before making such a gift.

If given an option, the development officer should always strive for a copy of the life insurance beneficiary designation form from the insurance company. Once obtained, this form should be sent to the Assistant Vice President for Development and Alumni Relations so that the donor may be properly stewarded. If the donor is unable or unwilling to provide the information, the New School representative should write a memo to the file to the best of his or her ability with "N/A" as the estimated fair market value. When a donor does not provide an estimated fair market value, the estate expectancy will be valued at \$1.00.

Gift Receipt/Stewardship

A receipt for the face value of the gift will be sent to the legal donor. The receipt contains the date the gift was processed by Gift Accounting, the face value of the gift, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift.

Campaign and Annual Counting Guidelines

Life insurance beneficiary designations are counted at a discounted amount based on the age of the donor or donors. For public reporting purposes, the face value of bequest expectancies will be discounted based upon age of the donor.

COMMITMENTS

Pledges

Definition

A pledge is a legally enforceable written agreement to contribute cash or other asset to The New School.

Example

- James Donor pledges \$4,000 per year for five years to the building fund at The New School.
- Joan Donor would like to fund a \$1,000,000 endowment over a five-year period to create a professorship in the opera department.

Gift Acceptance Considerations

- Is the pledge unconditional?
- Are there certain requirements that must be met in order for The New School to receive the future asset?
- What are the restrictions placed on the use of the future asset?
- What kind of entity will fulfill the pledge?

Acceptance and Processing Procedure

- 1) Pledges must be fulfilled by the individual or legal representative of the entity that made the pledge. Whenever an entity promises to give a future gift to The New School, a gift agreement should be used outlining the terms of the gift agreement. The gift agreement must be signed by the dean or chief executive officer for the School benefiting from the gift and the individual pledging to make the gift. Additional signatures may also be needed depending upon the restrictions of the commitment.
- 2) Templates for Pledge Agreements are available for use when drafting a new commitment with a donor. Pledge agreements are located at S:\COMMON\Stewardship\Gift Agreements & Documentation\Current Templates.
- 3) If the pledge is for unrestricted support such as each school's annual fund, then a signed pledge card will suffice as the legal document for recording the pledge.

- 4) A signed gift agreement or pledge card is required to enter a pledge in the development database. The agreement should contain the amount being pledged, terms of payment and purpose of the commitment. Generally, pledges should not exceed 5 years for payment.
- 5) Gift Accounting will record the pledge in Banner and feed the transaction to the Finance module.

Gift Receipt/Stewardship

Acknowledgment of the pledge is sent to the legal entity making the commitment. Since no gift has been transferred, no tax language is included in the acknowledgment.

Pledge Reminders are sent in mid-April and mid-October to all donors with open commitments, whether the donor is delinquent in payments or not. The summary provides the following details on all outstanding pledges:

- Date of pledge
- Original Pledge amount
- Fund
- Payment schedule and all payments received
- Date of next payment due
- Balance on pledge

Campaign and Annual Counting Guidelines

Pledges that are legally enforceable and unconditional will be counted at the face value of the pledge. For multi-year pledges, this is the full value of the pledge and not the value for the single year. Conditional pledges are not counted but payments to these pledges are counted at the time they are received.

GIFTS WITH ASSOCIATED BENEFITS

Overview of Gifts with Associated Benefits

Definitions

Gift with Associated Benefits

Any gift to The New School in return for which the donor receives associated benefits, including, for example, the purchase of tickets to events, the purchase of goods or services at auctions, purchase of a table or seat at a dinner that exceeds the current Internal Revenue Service token exception threshold.

Token Exception

Insubstantial goods or services The New School provides in exchange for contributions do not have to be described in the charitable gift receipt. Below are the rules for tax year 2009 used to determine whether a good or service is insubstantial.

- If the donor's payment to The New School is less than \$47.50, then goods or services provided to him or her are considered insubstantial if the fair market value of the benefits that the donor receives does not exceed of 2% of the amount given or \$0.95 – whichever is less.
- If the donor's payment to The New School is \$47.50 or more and the only items provided to him or her bear The New School's name or logo (or a unit of The New School's name or logo), then the goods or services provided to him or her are considered insubstantial if the cost of these items is \$9.50 or less.
- If the donor's payment to The New School is \$47.50 or more and the goods or services are not items with The New School's name or logo (e.g., dinner or a production), then the goods or services provided to him or her are considered insubstantial if the fair market value of the benefits that the donor receives do not exceed of 2% of the amount given or \$95.00 – whichever is less.

Policy

In accordance with IRS regulations, The New School will provide the donor with a receipt for a contribution with a statement as to whether any goods or services were given to the donor in exchange for his or her contribution as well as a description of such goods and/or services.

Fundraising Events

Definition

An activity sponsored by The New School or any other group or organization for the purpose of raising money to benefit the University. In exchange for the price of admission, the donor generally receives a benefit or privilege.

Example

- The New School honors Jim Donor at the annual LaGuardia Dinner. Individuals purchase tickets to attend for \$1,000 per person.

Gift Acceptance Considerations

- Is the donor declining the associated benefits?
- Is the donor paying via a Donor Advised Fund? DAF's generally do not allow gifts for fundraising events unless the donor fully declines any associated benefit.

Acceptance and Processing Procedure

- 1) Any school or unit sponsoring a fundraising event should contact Special Events, Prospect Research and Gift Accounting for guidance and support in advance of the event. Any printed or web-based materials, including email, advertising the event must contain language about the fair market value of the event. If the event has no counterpart by which the fair market value can be measured, then such value should be determined by reasonable estimate with the assistance of Special Events and the Assistant Vice President for Development and Alumni Relations. Documentation as to how the fair market value was determined must be maintained on file.

- 2) In some cases, a donor may wish to purchase a ticket for the event in order to contribute to The New School University. A donor must decline all benefits prior to the date of the event in order to claim a full tax deduction. Whether or not a donor attends the event is irrelevant for IRS purposes.
- 3) Gift Accounting will deposit the gift with the finance office, record gift in Banner and feed the transactions to the Finance module in Banner. The auxiliary form can be used to record the Fair Market Value and associated benefits of the gift.
- 4) Gift Accounting will create copies for the gift accounting, finance accounting and central donor files. The original documentation will be given to stewardship for receipting/acknowledging and then placed in the central donor files.

Gift Receipt/Stewardship

A tax receipt for the cash value of the gift will be sent to the legal donor. In the case of checks drawn on joint checking accounts, the receipt may be sent in the name of both parties. All receipts contain the date the gift was processed by Gift Accounting, the amount of the gift, the purpose of the gift and a statement as to whether any goods or services were provided in exchange for the gift. A full description of the goods or services should also be included in the receipt. Tax receipts will not be re-issued should the donor not attend the event, unless the donor declined all benefits prior to the event.

Campaign and Annual Counting Guidelines

Gifts are counted at the full face value in Banner for campaign purposes. Fair Market Values are recorded in Banner using the gift Auxiliary form for reporting to Finance.

Auctions

Definition

A fundraising event at which guests pay The New School or a support group for goods and services that have been donated by third parties. An auction or special event that raises funds for The New School may offer the opportunity for two different donors to make a charitable donation. First, there is the donor of the item being auctioned. If the item sells, that donor has made a charitable gift. A second gift may be realized, provided the winning bid is in excess of the publicly disclosed fair market value for that item.

Example

- Flavors Restaurant gives The New School a \$100 gift certificate for dinner for a silent auction. Jami Donor wins the item at auction and pays \$75 for it. Flavors Restaurant receives legal and recognition credit for its \$100 donation. Because Jami paid less than fair market value for the item, she receives no gift credit at all.
- Jazzy Jewels donates a necklace to The New School for a silent auction. The fair market value of the donation is \$500. Julie Donor wins the item at auction and her winning bid is \$750. The donor would receive gift credit for the difference between the amount paid and the fair market value.

Gift Acceptance Considerations

- Does the item being donated for auction meet the guidelines of a charitable gift?

- Is the item being donated a service or partial interest gift? These are not generally tax-deductible contributions.

Acceptance and Processing Procedure

Prior to Auction

- 1) Refer to the gift acceptance procedure for real and tangible personal property for guidance on processing the gift to be auctioned. Any school or unit sponsoring an auction should contact Special Events and Gift Accounting for guidance and support in advance of the event. Donors making in-kind contributions of items that will be sold at auction may be credited as making charitable gifts in accordance with IRS regulations depending on the nature of the gift.
- 2) Generally, unless the purchase price exceeds the fair market value of an auction item, no portion of the purchase price is considered a charitable contribution or is deductible. No invitations, reply cards, tickets, letters, or other printed or web-based materials issued in relation to an auction shall indicate or imply that the price paid by a donor for goods purchased at the auction are either fully tax deductible or "deductible to the extent provided by law."
- 3) Once the item to be auctioned is received, the item should be held in a secure area until the auction.

After the Auction

- 1) Upon completion of the auction, the development officer responsible for managing the auction must forward a completed form to Gift Accounting detailing the results of the auction.
- 2) All items which are sold in an auction with a fair market value of more than \$500 must be reported by The New School on IRS Form 8282. The University Controller must sign this form and can assist with its processing.
- 3) Gift Accounting will deposit the funds, record the transaction in Banner and feed the transactions to the Finance module.
- 4) Any auction item which sells for more than the publicly disclosed fair market value will constitute a charitable gift donation. The donor purchasing the item will receive a receipt for tax reporting purposes detailing the benefit received, i.e., the item purchased.
- 5) Gifts of tangible personal property to be sold at auction shall be counted at full market value based on either information supplied by the donor or, in the absence of such, by The New School. Gifts with fair market values exceeding \$5,000 shall be counted at values placed on them by a qualified independent appraiser, in accordance with IRS regulations.
- 6) Any resulting tax implications will be the responsibility of the winning bidder.

Gift Receipt/Stewardship

Donors of items received and sold for auction will be receipted similarly to gifts of tangible property. Donors purchasing the item at auction will receive a tax receipt stating the amount paid and the fair market value of the item, provided the purchase price exceeds the fair market value.

Campaign and Annual Counting Guidelines

Refer to the section on gifts of tangible property for items being donated for purposes of auction. If the item bought at auction *exceeds* the fair market value of the item, then that portion exceeding the fair market value will be counted at face value for internal reporting purposes.

RECOGNITION CREDIT

Recognition credit is also known as “soft” or “memo” credit and is used to determine the full scope of an individual’s giving when reporting on a donor’s history. Current policy at The New School has been to be as generous with recognition credit as possible and to give credit to other parties that were influential in the gift decision process. This policy is in compliance with CASE standards.

Recognition credit can be granted to any entity (individual or organization) and more than one party can be given recognition credit on the same gift. In all instances, the amount of recognition credit will be equal to the value of the gift.

In Banner, recognition credit is automatically assigned to Spouses upon gift entry. All other recognition credits must be manually entered at the time of gift entry or shortly thereafter.

The New School gives recognition credit as follows:

- Trustees, Board members and Alumni receive credit for all gifts from corporations and foundations they are currently active with.
- Spouses.
- Individuals named in a Donor Advised Fund.
- Primary Trustees of Family Foundations.
- Individuals who played an active role in the solicitation of the gift.
- Individuals referenced as “On behalf of”.

The New School does not give recognition credit for the following cases:

- Honor of /In Memory of. No recognition credit is given to the individual being honored or memorialized; however, gifts made in this manner will reference that individual for acknowledgment purposes.
- Estate gifts.
- Matching gifts. Individuals are given matching gift credit for these gifts.
- Employees, unless the employee was directly involved in making the gift.

END OF CALENDAR YEAR GIVING GUIDELINES

The New School adheres to the following procedures for gifts made at the end of a calendar year.

Checks

Checks sent by mail must be dated **and** postmarked on or before December 31. Envelopes must be retained and sent with the check to Gift Accounting for processing as they are used to substantiate the date of the donor's gift. Before the end of the calendar year, Finance will determine the final date for accepting and backdating gifts. This grace period is generally one week into the new calendar year. During that time, any gifts meeting the above requirements will be processed with a December 31 gift date.

Credit Cards

Federal law mandates that credit card gifts must be authorized by the credit card company before year-end in order to be tax-deductible for a given tax year. Credit card gifts must be received and processed by our office by December 31. There is no backdating of credit card gifts.

Wire Transfer

Wire Transfer gifts made must be credited to The New School's account by December 31.

Gifts of Securities

Gifts of securities will be processed according to the official date of the gift:

- By mail, the official date is the postmark date.
- By overnight carrier, the official date is date of receipt by The New School.
- By re-registering the security into The New School's name, it is the date on the new certificate(s).
- By electronic transfer, it is the date the security is received into The New School's brokerage account.

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 assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- 1) 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.
- 2) 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.
- 3) To have access to the organization's most recent financial statements.
- 4) To be assured their gifts will be used for the purposes for which they were given.
- 5) To receive appropriate acknowledgment and recognition.
- 6) To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- 7) To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- 8) To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- 9) To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- 10) To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.