

Diocese of Pittsburgh Gift Acceptance Policy

Types of Gifts Accepted:

In general, the following gifts may be deemed to be acceptable:

1. Cash and Cash Equivalents
2. Tangible Personal Property
3. Securities (marketable or non-marketable)
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas, and Mineral Interests [below ground only]
7. Bargain Sales
8. Life Insurance
9. Royalties, Distribution Rights
10. Charitable Gift Annuities
11. Charitable Remainder Trusts
12. Charitable Lead Trusts
13. Retirement Plan Beneficiary Designations
14. Charitable Traditional IRA Rollovers
15. Bequests
16. Life Insurance Beneficiary Designations
17. DISCLAIMER

The following criteria govern the acceptance of each gift form:

1. **Cash and Cash Equivalents:** Cash is acceptable in any form. Checks shall be made payable to the Diocese of Pittsburgh and shall be delivered to the Diocese of Pittsburgh's administrative offices. Cash equivalents include certificates of deposit or other assets readily converted to a stable, determinable cash value.
2. **Tangible Personal Property:** All other gifts of tangible personal property shall be examined in light of the following criteria and other criteria that may be more fully identified on a gift acceptance checklist:
 - Does the property fulfill the mission of the Diocese of Pittsburgh?
 - Is the property marketable?
 - Has the donor obtained a qualified appraisal for the property in compliance with IRS requirements and supplied the Diocese of Pittsburgh with a copy of the appraisal?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs or liability for the property?

The final determination on the acceptance of other tangible property gifts shall be made by the Diocese of Pittsburgh.

3. **Securities:** The Diocese of Pittsburgh can accept both publicly traded securities and closely held securities.
 - a. **Publicly Traded Securities:** Marketable securities may be transferred to an account maintained at one or more financial institutions or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt. In some cases, marketable securities may be restricted by applicable securities laws (i.e. § 144 stock); in such instance the final determination on the acceptance of the restricted securities shall be made only with the approval of the Director of the Office for Stewardship and the General Secretariat of the Diocese of Pittsburgh.

Options and Other Rights in Securities: The Diocese of Pittsburgh will consider receiving warrants, stock options, and stock appreciation rights on an individual basis and only after considering the following issues:

- Is the Diocese of Pittsburgh required to advance funds upon exercise of the gift? If so, does the Diocese of Pittsburgh have the required funds?
- Is the Diocese of Pittsburgh at risk of loss of funds in accepting the gift?
- Are the rights restricted? And if so, does the restriction affect the ability of the Diocese of Pittsburgh to dispose of the asset? Does the restriction materially impact the value of the gift to the Diocese of Pittsburgh?
- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

b. Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the approval of the Director of the Office for Stewardship and the General Secretariat of the Diocese of Pittsburgh. Interest in any closely held entity requires legal documentation (such as Partnership and Operating Agreements) setting forth the rights and legal obligations of the owner. The Diocese of Pittsburgh will not accept general partnership interests because of potential liability. However, gifts will be reviewed prior to acceptance using the following checklist:

- What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, or LLP.)
- Will the security generate unrelated business taxable income to the Diocese of Pittsburgh? If so, does the Diocese of Pittsburgh have the funds to pay this tax?
- Will the gift trigger any negative tax consequences to the donor? (If the donor is unsure, he should be advised to talk with his accountant.)
- Are there restrictions on the security that would prevent the Diocese of Pittsburgh from ultimately converting those assets to cash? Does the restriction materially impact the value of the gift to the Diocese of Pittsburgh?
- Describe the operation of the company. Does it create a legal or public relations liability for the Diocese of Pittsburgh?
- Is the security marketable? If so, describe the market for sale, and estimated time required for sale.

Closely held C Corporation stock is generally acceptable on condition that the Diocese of Pittsburgh assumes no liability by accepting it, the corporation's buy-back policies are acceptable, there is an expectation to liquidate the stock in a reasonable timeframe, and that no monies will be dispersed from a fund until such time as the stock is liquidated.

The initial acceptance of a closely held stock requires Investment Committee approval. After a closely held stock has been "approved" for acceptance by the Investment Committee, future gifts of that same closely held stock are deemed to be acceptable so long as the conditions under which future gifts are made do not vary in substance.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. It is generally the goal of the Diocese of Pittsburgh to sell non-marketable securities within a reasonable timeframe unless the income that is generated is sufficient to justify holding them.

4. **Real Estate:** The Diocese of Pittsburgh will accept gifts of real estate that include developed property, undeveloped property, or gifts subject to a life interest, from time to time as appropriate. Prior to the acceptance of real estate, the Diocese of Pittsburgh shall require an initial environmental review of the property to ensure that the property is not contaminated with environmental damage. In the event that the initial inspection reveals a potential problem, the Diocese of Pittsburgh shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audits is generally an expense of the donor.

Where appropriate, a title binder shall be obtained by the Diocese of Pittsburgh prior to the acceptance of the real property gift. The cost of this title binder is generally an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the Director of the Office for Stewardship, the General Secretariat and the Investment Committee of the Diocese of Pittsburgh and by the Diocese of Pittsburgh's legal counsel. Queries for acceptance of the property shall include:

- Is the fair market value of the property in excess of \$50,000?
- Does the environmental audit reflect the property is undamaged?
- Is the property useful for the purposes of the Diocese of Pittsburgh?
- Is the use or image of the property consistent with the Diocese of Pittsburgh's purposes?
- Is the property marketable? If so, describe the market and estimated time of sale.
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property? Provide an estimated budget for the period expected until sale.

5. **Remainder Interests in Property:** The Diocese of Pittsburgh will accept a remainder interest in a personal residence, farm, or vacation home subject to the provisions of Section 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Diocese of Pittsburgh may use the property or reduce it to cash. Where the Diocese of Pittsburgh receives a gift of a remainder interest, the following expenses are to be paid by the donor or primary beneficiary:

- Payment of utilities
- Pest control
- Lawn/landscaping maintenance
- Homeowners insurance (including liability)
- Cosmetic changes such as redecorating, painting, wallpapering, etc.
- Maintenance, repair and replacement of personal property
- General maintenance, repair and upkeep of property
- Property taxes
- Amortization of debt on property

6. **Oil, Gas, and Mineral Interests:** The Diocese of Pittsburgh may accept oil, gas, or mineral property interests, where appropriate. Prior to acceptance of an oil, gas, or mineral interest, the gift shall be approved by the Director of the Office for Stewardship, the General Secretariat, Investment Committee of the Diocese of Pittsburgh, and by the Diocese of Pittsburgh's legal counsel. Criteria for acceptance of the property shall include:

- Do the surface rights have a value of \$25,000 or greater? (Provide a copy of the qualified appraisal.)
- Does the gift of oil, gas or mineral interest generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift)? (Provide a verified statement of income from the last three years.)
- What is the form of the interest? [The Diocese of Pittsburgh will not accept general partnership interests. If the interest is a Sub-S corporation, or working interest generating unrelated business taxable income, project the tax cost upon sale of the asset.]
- Is there environmental liability associated with receipt of the asset?
- Is the asset readily marketable? If so, describe the market and estimated timetable for sale.

Oil, gas, and mineral interests shall be sold as soon as practical upon receipt unless the income generated from holding the interests is deemed sufficient to justify holding them. No monies will be distributed from a fund until the oil, gas, or mineral interest is liquidated and fees have been assessed in arrears.

7. **Bargain Sales:** A bargain sale is a hybrid of a gift and a sale. In essence, the donor who sells an asset to a charity at a price that is less than the property's fair market value intends to make a gift of the discounted portion of the selling price. The Diocese of Pittsburgh will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Diocese of Pittsburgh. All bargain sales must be reviewed and recommended by the Director for the Office for Stewardship and the General Secretariat and approved by the Board of Consultors. Factors used in determining the appropriateness of the transaction include:

- The Diocese of Pittsburgh must receive an independent appraisal substantiating the value of the property, validity of the title, and any possible environmental liability.
- If the Diocese of Pittsburgh assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- The Diocese of Pittsburgh must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
- The Diocese of Pittsburgh must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period and adjust the estimated value by such amount.

8. **Life Insurance:** The Diocese of Pittsburgh must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a completed gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Diocese of Pittsburgh will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Diocese of Pittsburgh may:

- Continue to pay the premiums.
- Convert the policy to paid-up insurance.
- Surrender the policy for its current cash value.

9. **Royalties, Distribution Rights:** The Diocese of Pittsburgh accepts gifts of royalties or distribution rights on published works (such as books or films) where there is clear evidence of marketability or assurance of an income stream.

10. **Charitable Gift Annuities:** The Diocese of Pittsburgh offers charitable gift annuities. The minimum gift for funding is \$5,000 for a one-life contract, \$10,000 for a two-life contract. The minimum age for a single-income beneficiary of an immediate gift annuity is 60. When a deferred gift annuity is offered, the minimum age for a life-income beneficiary is 50. No more than two life-income beneficiaries will be permitted for any gift annuity.

The annuity stream shall be based on the rates published by the American Council on Gift Annuities in effect at the date of execution of the contract. The Diocese of Pittsburgh may execute a contract at a rate that is less than those published rates at the request of the donor, but may not execute a contract exceeding those rates. Annuity payments may be made on a monthly, quarterly, semi-annual, or annual schedule, depending upon the size of the gift.

Funds (cash or stock) contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be added to the Diocese of Pittsburgh's Unrestricted Funds, or to such specific fund or charity as designated by the Donor.

11. **Charitable Remainder Trusts:** The Diocese of Pittsburgh accepts revocable or irrevocable beneficiary appointments under charitable remainder trusts. These appointments may be for the Diocese of Pittsburgh's Unrestricted Funds, for any of its component funds or for a non-component supporting organization (foundation).
12. **Charitable Lead Trusts:** The Diocese of Pittsburgh accepts income distributions from charitable lead trusts. These distributions may be assigned to the Diocese of Pittsburgh's Unrestricted Funds, for any of its component funds, or for a non-component supporting foundation.
13. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Diocese of Pittsburgh shall be encouraged to name the Diocese of Pittsburgh as beneficiary of their retirement plans. Such designations shall not be recorded as gifts to the Diocese of Pittsburgh until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded at the time the gift becomes irrevocable. These appointments may be for the Diocese of Pittsburgh's Unrestricted Funds, for any of its component funds or for a non-component supporting foundation.
14. **Charitable Traditional IRA Rollovers:** The Protecting Americans from Tax Hikes Act of 2015 permanently extended legislation allowing individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities without having to count the transfers as income for federal income tax purposes. These distributions also count toward the donor's minimum required distribution from the IRA for the year in which the gift is made. The Diocese of Pittsburgh facilitates such gifts with a focus on creating endowment and named fund opportunities within its Foundation.
15. **Bequests:** Donors and supporters of the Diocese of Pittsburgh shall be encouraged to make bequests to the Diocese of Pittsburgh under their wills and trusts. Such bequests shall not be recorded as gifts to the Diocese of Pittsburgh until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable, if the Diocese of Pittsburgh knows the amount of the bequest. These appointments may be for the Diocese of Pittsburgh's Unrestricted Funds, for any of its component funds or for a non-component supporting foundation.
16. **Life Insurance Beneficiary Designations:** Donors and supporters of the Diocese of Pittsburgh shall be encouraged to name the Diocese of Pittsburgh as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Diocese of Pittsburgh until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift will be recorded at the time the gift becomes irrevocable. These appointments may be for the Diocese of Pittsburgh's Unrestricted Funds, for any of its component funds or for a non-component supporting foundation.
17. **DISCLAIMER:** Nothing in this policy is intended to serve as legal or tax advice. Donors are encouraged to seek their own legal and accounting counsel before entering into any major or planned gift arrangement.