

GIFT ACCEPTANCE POLICY
FALMOUTH ACADEMY
MAY 2017

Harnessing the power of inspired learning in a world-renowned scientific and vibrant artistic community, Falmouth Academy emboldens each student to take creative and intellectual risks to confidently engage the challenges of our times.

Falmouth Academy is a 501(c)3 not-for-profit, independent day school for grades 7 to 12 organized under the laws of the Commonwealth of Massachusetts. The school encourages the solicitation and acceptance of gifts to Falmouth Academy (hereinafter referred to as FA) for purposes that will help FA further and fulfill its mission. The following policies govern the acceptance of gifts made to FA for the benefit of its programs.

I. PURPOSE

The Development Office has lead responsibility for soliciting current and deferred gifts from individuals, corporations and foundations to secure the future growth and missions of FA. These policies and guidelines govern the acceptance of gifts by FA and provide guidance to prospective donors and their advisors when making gifts to FA. The provisions of these policies shall apply to all gifts received by FA for any of its programs or services.

II. GIFTS TO FALMOUTH ACADEMY

Gifts are outright or deferred contributions received from private contributors (individuals, partnerships, corporations, foundations, trusts, and other organizations, sometimes referred to in this policy as “donors”) in which neither goods nor services (other than general reports and fulfillment of donor intent) are expected, implied or forthcoming for the donor. (Such contributions are sometimes called “grants” by foundations and corporations.) All gifts, whether for current use or endowment, solicited in the name of and treated as a gift to any part of FA, must be received and expended by FA or in accordance with specific exceptions delineated in written agreements.

III. RESPONSIBILITY TO DONORS AND CONFLICT OF INTEREST

A. Donors’ 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 at FA. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in Falmouth Academy, we declare that our donors have these rights:

- To be informed of FA’s mission, of the way the school intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

- To be informed of the identity of those serving on the Board of Trustees, and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
- To have access to FA's most recent financial statements.
- To be assured their gifts will be used for the purposes for which they were given.
- To receive appropriate acknowledgment and recognition.
- To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing FA will be professional in nature.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

B. Conflict of Interest

In proposing and accepting gifts, Falmouth Academy shall place the interests and goals of the donor on equal footing with those of FA and any individual acting on its behalf. FA reserves the right to refuse to accept a gift, or to refuse to enter into any gift agreement which FA deems not to be in the donor's or FA's best interest. FA will urge prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

C. Ethics

Falmouth Academy is dedicated to the highest standards of ethical conduct in general but particularly in fund-raising. Staff members advocate these standards by incorporating them into all fund-raising activities and by serving as models of professionalism to others. FA supports and encourages its staff members in these efforts by providing appropriate opportunities for training, education and leadership. Staff members, through training and orientation, are expected to be familiar with, and act in accordance with, professional standards of ethics.

D. Approval of Gifts

- The Board of Trustees shall approve standards for acceptance of all gifts. If a donor wishes to place a restriction(s) on a gift, not previously identified as a fund-raising priority, or as confirmed by this committee, the gift shall not be accepted without the approval of the Director of Development and the Board of Trustees.
- If a donor wishes to receive special recognition for a gift, the gift shall not be accepted without the approval of the Director of Development and the Board of Trustees.
- The Head of School shall sign gift/grant agreements.

E. Confidentiality

The successful partnership between Falmouth Academy and its constituencies is based on effective service, trust and accountability. FA's ability to assure donors and prospective donors that their personal or financial information will be held in confidence is essential to fulfilling its specific mission of raising private support for the school. Donor files are confidential and will not be opened to anyone outside the Development Office, the Head of School, or authorized Board of Trustees representative(s), except as required by law.

Upon receipt of a reasonable and specific request in writing, Falmouth Academy will provide financial information, such as expenditures from FA funds, documentation regarding completed business transactions, and information about the investment and management of FA assets. Falmouth Academy's 990 report is a public document and is available by visiting the Development Office or requesting a copy in writing.

Falmouth Academy will not release any record or information that includes personal or financial information about a donor, alumnus, parent, grandparent, prospective donor, volunteer, employee or member of other constituencies.

No public announcement of a gift will be released without permission of the donor.

F. Investments

Gift assets held by Falmouth Academy, outright or in trust, for the ultimate benefit of FA, will be managed by an institution or institutions according to the investment policies established by the Finance Committee of the FA Board of Trustees (see "Falmouth Academy Goals and Policies for Endowment Funds"). When new gifts are received, investment decisions shall be made promptly to maximize value of the donated assets.

Donors will not be given assurances that their gifts will be invested in a manner inconsistent with the general policies of Falmouth Academy. This is particularly true in cases where the donor wishes to:

- direct that specific investments be made; or
- direct that a specific investment manager be used.

In the unlikely event that the value of an endowment fund falls below its corpus, Falmouth Academy is not required, per the Uniform Prudent Management of Institutional Funds Act of 2009, to make the endowment fund whole.

IV. GENERAL GUIDELINES

- The fund-raising program generally supports and encourages both unrestricted gifts to Falmouth Academy and designated gifts to programs of the donor's choice.

- All formal solicitations and even preliminary discussions with a prospect or donor concerning gifts to Falmouth Academy must be coordinated with the Director of Development.
- All fund-raising projects or campaigns must be pre-approved by the Director of Development in conjunction with the Head of School and, if appropriate, department head.
- All construction or renovation projects require the approval of the Head of School (in conjunction with the Board of Trustees) **before** solicitation begins.

V. TYPES OF GIFTS

Falmouth Academy accepts

- Unrestricted Gifts: Typically in the form of the Annual Fund, to be used where need is the greatest for Falmouth Academy, as determined by the organization.
- Restricted Gifts: To be used to support a particular program at Falmouth Academy or to provide for a particular capital need. These may be permanently restricted (e.g., endowment) or temporarily restricted (e.g., gifts with donor restrictions that expire through time when FA takes action and uses the gift to fund a purchase or support a program).

VI. PLEDGES

The Development Office is authorized to accept gift pledges. By general accounting rules, a pledge is a promise to make a gift of cash or other assets, and therefore considered an asset of Falmouth Academy. As such, it is important that the following criteria are met:

- There is a record of the pledge option being offered to a prospective donor as part of a gift solicitation.
- There is written evidence, which supports the existence of a promise to give and how the gift is to be used.
- There is a clearly defined payment schedule.
- The payment schedule extends for a relatively short time, ordinarily 3 to 5 years.
- The amount of the pledge is clearly specified.
- There is no reason to question the donor's ability or intent to fulfill the pledge.

VII. RESTRICTIONS ON GIFTS

A. Gift Agreements

The terms of **all** endowment gifts, and all non-endowed gifts of \$100,000 or more, will be specified in a written gift agreement (or other written form) that outlines the program to be supported, the reporting requirements (if any), the schedule of contributions, and

endowment administration policies (if applicable). Gift agreements will be signed jointly by the donor(s) and the Head of School. All donors are presumed to have directed Falmouth Academy to apply for any matching funds from federal, state or private sources that might be available as a result of their gifts.

B. Restricting Policies

- Falmouth Academy is fundamentally committed to bringing and maintaining diversity in the FA community. Fund-raising efforts made on behalf of Falmouth Academy reflect this commitment to diversity, and provide opportunities for donors through support of programs that will foster an inclusive environment for aid recipients, enriching the FA community with individuals with a variety of cultural, ethnic, economic and social backgrounds. All gifts accepted by FA must comply with the FA policy on Equal Opportunity, Affirmative Action and Diversity as well as prevailing state and federal discrimination laws.
- Falmouth Academy may not accept gifts that state preferences for relatives or descendants of the donor in the awarding of financial aid or in the use of donated funds.
- Gifts from any donor for an award made on the condition or with the understanding that the award will be made to a student or faculty member of the donor's choice may not be accepted.
- The terms of any gift should be as general and flexible as possible to permit the most productive use of the funds.
- Gifts that restrict or impede the work of a faculty member or student will not be accepted.
- The donor of a gift may serve on an advisory committee but not participate in the selection or evaluation of students or faculty members who would benefit from the gift.

C. Changing Restrictions

The use of donated funds for a purpose other than that stipulated by the donor is prohibited. In the unlikely event that the fund cannot be used for its original purpose and another use is deemed necessary, consent for using the funds in a different manner should first be sought from the donor. If the donor is not available, the purpose may be altered in accordance with the terms of the gift agreement or changed with the full approval of the Board of Trustees. Written documentation of all changes is required. If the use becomes impossible or unlawful, court approval may be sought to alter the use. Similarly, for a donor to change the originally stated use of donated funds, the change must first be agreed to by appropriate FA officials.

VIII. GIFT ACCEPTANCE POLICIES BY TYPE OF GIFT

A. Cash

A gift of cash is considered transferred to Falmouth Academy on the date it is hand-delivered or a check is mailed (as determined by the postmark date on the envelope). When a gift is paid by credit card, it is the date that the funds are transferred from the donor's account to Falmouth Academy, not the date that Falmouth Academy was notified of the gift. Gifts of cash are in accordance with governing tax laws.

Checks are made payable to Falmouth Academy, and mailed to Falmouth Academy, 7 Highfield Drive, Falmouth, MA 02540.

B. Stock

Falmouth Academy accepts gifts of publicly traded, closely held and appreciated securities according to the following guidelines:

i. Valuation of Stock Gifts

Securities are considered donated to Falmouth Academy on the date they pass unconditionally from the donor's control (e.g., the date transferred to an FA account). For listed securities, the value of the gift is the market value of the issue based on the average between the high and the low quotations of the day on which the security is considered donated.

Marketable securities may be transferred to an account maintained by Martha's Vineyard Savings Bank. As a general rule, Falmouth Academy will sell all stock gifts immediately. In some cases, marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Board of Trustees.

When the securities are in the custody of a broker or other manager, the Director of Development, after being advised of the gift, shall speak with the custodian and/or donor and provide specific directions as to the disposition of such stock on behalf of Falmouth Academy.

ii. 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 ownership forms, can be accepted subject to the approval of the Board of Trustees, when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

However gifts must be reviewed prior to acceptance to determine if

- There are restrictions on the security that prevent Falmouth Academy from ultimately converting the assets to cash,

- The security is marketable, and
- The security will not generate any undesirable tax consequences for Falmouth Academy.

C. Bequest/Legacy Gifts

Falmouth Academy encourages its donors to include FA in their bequests and legacy estate plans. If a donor makes a bequest that is restricted to a specific purpose, The Board of Trustees must determine that the purpose will actually benefit FA before accepting that bequest. If the restriction is not appropriate, FA may decline to accept the bequest. In the event that the purpose of a bequest is not specified, that bequest may be added to a specific fund or campaign — as determined by the Board of Trustees.

The following charitable bequests are accepted, subject to other terms described in this document:

- **Outright:** An unconditional outright gift. It may be a gift of cash, securities or real estate.
- **Residuary:** A gift of all or a portion of the residuary estate (the assets that remain after specific bequests to others, taxes, etc. have been paid).
- **Contingent:** A bequest that will come to Falmouth Academy only if all primary beneficiaries named in the will are predeceased.
- **Bequest of an Income Interest:** A donor sets up a Charitable Lead Trust by Will, providing income to Falmouth Academy for a specified period of time, with the remainder going to family members.
- **Bequests in Conjunction with Lifetime Gifts:** A donor can combine two kinds of gifts, both of which become effective upon the donor's death.

A documented (copy of the estate planning document provision, or Bequest Provision Form) specific or residual bequest will be counted for J.K. Lilly Society purposes.

D. Retirement Funds

Falmouth Academy accepts gifts from individuals who would like to “roll over” portions of a large pension fund or IRA account to FA. Although not all retirement assets can be transferred directly from a pension plan or IRA to a charitable entity (see below), in many cases the funds may be distributed to the plan participant and then contributed to FA. That distribution, although taxable to the donor, may then be offset by the charitable donation.

Individuals who are 70½ or older may make a Qualified Charitable Distribution (QCD), which permits annual direct transfers to Falmouth Academy totaling up to \$100,000 of tax-deferred IRA savings. QCDs may be made from any IRA or individual retirement annuity, but not from a simplified employee pension, a simple retirement account or an inherited IRA.

E. Real Estate

Gifts of real estate may include developed property, undeveloped property, or gifts subject to prior life interest, including all the natural resources and permanent buildings on it. The acceptance of all gifts of real estate is subject to review and approval by the Board of Trustees. In making a decision, the Board of Trustees will consider and review the bona fide and current appraisal. The Board of Trustees will also consider potential environmental problems regarding the property, marketability of the property, taxes or liens on the property, mortgage liability, potential responsibility for maintenance or management of the property, etc. Gifts of property (personal residence or farm) where the donor reserves a life estate may be accepted if they are first reviewed and approved by the Board of Trustees.

F. Life Insurance Policies

For insurance to qualify as a gift, whole life, endowment or certain universal life insurance policies must be owned by Falmouth Academy with FA also named as the irrevocable beneficiary of the policy. FA will not participate in any split-dollar insurance arrangements.

G. Charitable Remainder Trusts

A charitable remainder trust (unitrust or annuity trust) requires a minimum gift of \$100,000 if Falmouth Academy is to be trustee, and at least 50% of the remainder must be irrevocably designated for the benefit of FA. Unitrusts may be established initially for less than the minimum amount provided that the donor assures in writing that the corpus of the trust will eventually exceed the required minimum.

H. Tangible Property

A gift of tangible personal property may be accepted on behalf of Falmouth Academy provided that:

- such a gift is consistent with the mission of the school, or may be liquidated and the proceeds used by FA;
- acceptance of such a gift will not involve significant additional expense in its present or future use, display, maintenance or administration; and
- no financial or other burdensome obligation or expense is or will be directly or indirectly incurred by FA as a result thereof.

Unless otherwise specified as a condition of the gift, Falmouth Academy, in assuring that the donor's intent for the gift is honored, is empowered to retain the gift of property or liquidate it for the benefit of FA. Per IRS regulations, FA will not provide donors with a dollar value on any donated personal property, but the Director of Development will sign appropriate IRS reporting forms for gifts that meet or exceed the threshold for such gifts. All appraisals and potential tax deductions that may be associated with such gifts are the responsibility of the donor.

I. In-kind Gifts

Falmouth Academy receives donations of services and/or goods at below market or no cost to Falmouth Academy. By law, non-profit organizations cannot provide a donor with the dollar value of an in-kind gift. Such valuations when applicable, relative to "fair market value" of in-kind gifts, need to be professionally assessed and certified elsewhere—if they can be—and that is the responsibility of the donor.

J. Corporate Matching Gifts

Falmouth Academy accepts corporate matching gifts of cash either in whole or part. The Human Resources Department of the donor's company provides the donor with a form that is sent to FA. FA recognizes matching gifts toward the total credit of the donor's gift for recognition purposes within that fiscal year (if the matching gift funds have been received by FA).

IX. CORPORATE AND FOUNDATION GIFTS

The Development Office is responsible for enhancing FA's relationships with corporations and foundations, and for coordinating fund-raising strategies, proposals and solicitations to the corporate and foundation sectors. To maximize FA's chances for receiving such support, and recognizing that the optimum results will often come from joint efforts involving the faculty and staff, the Development Office will assist and advise all FA faculty, staff, and volunteers in effective cultivation and solicitation strategies, and, where appropriate, assist with proposal development.

X. CORPORATE SPONSORSHIP

Falmouth Academy will consider corporate sponsorship arrangements. All relationships must have prior approval from the Board of Trustees, prior to negotiating any agreements with prospective corporate sponsors.

XI. STEWARDSHIP

Stewardship is the act of thanking and maintaining contact with donors. Falmouth Academy is committed to an active program of stewardship coordinated by the Development Office.

All major donors will be assigned to a development officer for stewardship purposes. The assigned development officer should involve faculty and staff from the particular

area(s) funded by the gift in order to maintain regular contact with the donor and to report, at least annually, the status and uses of the donor's gift, to accompany the Annual Endowment Reports to donors of endowed funds.

XII. CHANGES TO GIFT ACCEPTANCE POLICIES

These policies and guidelines have been reviewed and accepted by Falmouth Academy Board of Trustees. The Board of Trustees of Falmouth Academy must approve any changes to or deviations from these policies.

Approved on the _____ day of _____, 2017

Director of Development, Falmouth Academy

