

**Gift Acceptance**

**Policies**

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## Mission and Purpose

The mission of Paramount Schools of Excellence (referred to as Paramount or PSOE) is to inspire learning through an unparalleled academic approach and to transform communities by changing lives. Paramount operates three public charter schools on the eastside of Indianapolis: Paramount Brookside (grades K-8) at 3020 Nowland Avenue, Paramount Community Heights (grades K-4) at 1525 N. Ritter Avenue and Paramount Englewood (grades 5-8) at 1849 Pleasant Run Parkway South Drive.

Operating as a not-for-profit organization, Paramount Schools of Excellence encourages the solicitation and acceptance of gifts for purposes that will help further and fulfill its mission. The purpose of Paramount’s Gift Acceptance Policy is to set forth the criteria that Paramount and its Board of Directors use to govern the acceptance or nonacceptance of proposed gifts, and to inform prospective donors and their professional advisors. While these guidelines establish best practices, they are designed to provide flexibility as directed by the Board of Directors.

## Standards of Conduct

For these gift acceptance policies, the term "gifts" refers to contributions from individuals, groups, foundations, and corporations (referred to as "donors") to support Paramount’s programs and initiatives. Gifts are outright or deferred contributions of money, tangible personal property, appreciated securities, goods, or services. Non-monetary gifts of tangible personal property, goods, or services are referred to as "in-kind." All Paramount giving levels are in U.S. dollars. Paramount receipts gifts only to the extent recognized by the United States Internal Revenue Service tax code or other country codes as applicable.

Paramount will not insinuate, offer, endorse, or support specific products or services, nor enter exclusive agreements, nor provide reciprocal gifts or services as a consequence of a donor's philanthropic contribution.

Gifts to Paramount may be used in general furtherance of its mission or restricted for a specific use. The term "restricted" describes both a fund comprised of contributions for a specific, designated cause and those designated contributions. The term "endowment," describes a donation that is kept forever in an interest-bearing account of some kind, and only the interest may be spent. The term "unrestricted" describes contributions not explicitly designated as endowment or restricted.

Paramount advises donors to seek appropriate legal and financial counsel relative to their gifts and makes no representations about the tax consequences to donors in connection with charitable contributions. Subject to the limitations contained elsewhere in this policy, donors may direct:

* That the gift is designated to an existing fund or Paramount’s endowment.
  + That the gift be to unrestricted funds that are available to Paramount for any of the charitable purposes encompassed by Paramount’s mission.
  + That the gift be used to establish a restricted or unrestricted endowment (subject to stipulations outlined in this gift acceptance policy).

### Fees

#### Finder's Fees or Commissions

Consistent with the codes of ethics of the Association of Fundraising Professionals and the National Association of Charitable Gift Planners, no finder's fee or commission of any type will be paid to any party in connection with the completion of a gift to Paramount Schools of Excellence.

#### Professional Fees

Reasonable costs of gift acquisition, such as appraisal, valuation, personal, tax, and advisory fees, will typically be borne by the donor.

#### Administrative Fees

To the extent permitted by law, Paramount reserves the right to assess at each fiscal year's end an administrative fee or trustee fee on endowment accounts, life income plans, and charitable trusts when appropriate. Paramount’s Board of Directors will review administrative fees annually based on the actual cost of the administration of gifts. Fees are typically 1% of the yearly average of the fund, with a $200 minimum per year.

Furthermore, a portion of investment income may be added to the principal balance of the monies to ensure the continual growth. Determination of the amounts of the total return will be made in accordance with Paramount’s policy then in effect.

## Rights and Responsibilities

### Donor Rights

Paramount endorses the Donor Bill of Rights promulgated by the Association of Fundraising Professionals (Appendix A) and the Model Standards of Practice of the Charitable Gift Planner published by the National Association of Charitable Gift Planners (attached as Appendix B).

#### Communications with Donors

Paramount Schools of Excellence holds all communications with donors and information concerning donors and prospective donors in strict confidence. Requests for information by government agencies and courts, if legally authorized and enforceable, will be fulfilled. All other requests for or releases of information concerning a donor or prospective donor requires permission from the donor.

#### Gift Acceptance Policies

The gift acceptance policies are available upon request to any donor or prospective donor.

### Use of Legal Counsel

The use of tax or legal counsel by the donor and Paramount is advantageous to both parties.

#### Donor’s Use of Legal Counsel

Paramount or its representatives cannot serve as both the donor’s advisor and the recipient of the donor’s gift. Donors and prospective donors are urged to seek the assistance of their independent professional advisors in matters relating to their contributions and the resulting tax and estate planning consequences.

#### Paramount’s Use of Legal Counsel

Paramount seeks the advice of legal and professional counsel as appropriate on matters relating to the acceptance of gifts. Reviews by counsel are usually required in connection with:

* Closely held stock transfers that are subject to restrictions or buy-sell agreements.
  + - Documents naming the Paramount as Trustee.
    - Gifts involving contracts, such as bargain sales or other documents requiring Paramount School of Excellence to assume a legal obligation.
    - Gifts of patents and intellectual property.
    - Transactions with a potential conflict of interest that may invoke the Internal Revenue Service (IRS) sanctions.
    - Other instances in which the use of counsel is deemed appropriate by Paramount’s Board of Directors.

## Use of Funds

### Restrictions

Paramount reserves the right to refuse to accept any gift. Paramount will accept only donations and grants that are consistent with the School’s core values and:

* + - * Are compatible with the mission of Paramount and its programs
      * Are in compliance with the Internal Revenue Code ("IRC") of 1986, as amended, and other federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax-favored
      * Are compatible with Paramount’s tax-exempt status
      * Does not violate any federal, state, or local statute or ordinance
      * Does not commit Paramount to name a fund where the gift is potentially revocable in any way
      * Does not contain unreasonable conditions (e.g., a lien or other encumbrance) on gifts of partial interests and property
      * Does not expose Paramount to litigation or other liabilities
      * Does not require the payment of maintenance costs or other expenses (e.g., debt service) for which no specific provision has been made
      * Does not appear to be financially sound
      * Does not discriminate based upon race, color, religion, creed, general, or national origin. However, when a gift is intended to benefit a class of individuals consistent with the purpose of the scholarly award or program to be underwritten, certain restrictions may be appropriate, as duly approved by Paramount’s Board of Directors.
      * For gifts related to extracurricular activities, does not:
        + Permit the donor to designate an individual recipient or the donor as the recipient;
        + Relate to the future employment of the recipient or another specified individual; or
        + Violate other restrictions outlined in this gift acceptance policy.

### Donor Designated

Paramount Schools of Excellence may approve the establishment of special-purpose funds upon receipt of gifts or commitments that meet the approved criteria.

Paramount’s Board of Directors is responsible for the investment of all organization monies. All gifts will be invested in a manner consistent with Paramount’s investment policies. Exceptions to these policies may be made only with the approval of the

Board of Directors.

#### Named Endowment

It is Paramount’s policy that the corpus of its endowments may be invaded only in the most unusual circumstances, as certified by the Board of Directors, per policy. Endowments may exist in perpetuity per the donor's restrictions and the original gift agreement.

* + - * The Minimum principal to establish a named designated endowment is

$25,000.

* + - * Awards from the endowment are contingent on the annual earnings of its principal. An annual endowment report will be provided to the donor.
      * While named endowment monies will be segregated for accounting purposes, Paramount will not be required to administer this gift as a trust, separate this gift for investment purposes, or furnish any bond or annual reports to any court.
      * For investment income dispensation purposes, the expectation is that a percentage may be earned and expended each fiscal year according to the terms outlined in Paramount’s investment policy.

Donors are encouraged to recognize that, in the time following the establishment of an endowment or other gift, needs, policies, and circumstances may change in unforeseen ways. A gift may be either unrestricted or restricted to a general area of use that contributes to the benefit of Paramount or its programs. Restriction(s) placed on the use of the funds donated to Paramount may be rendered illegal, unreasonable, or unable to be fulfilled. Circumstances that could impact the gift’s restrictions include: the termination of a Paramount program; a surplus of funds available from other sources to fulfill the designated purpose; the insufficiency of the additional funds to fulfill the designated purpose; or the designated purpose is no longer consistent with the mission of Paramount and its programs.

If the donor is unavailable to alter the account restriction(s), Paramount, if reasonably practicable, will consult with the donor's representative or close family members to restructure the gift. In the absence of agreement, Paramount may seek approval of a court with jurisdiction to remove or modify such restriction(s). If termination of the restriction(s) is obtained, Paramount may seek to use the funds for a purpose deemed appropriate, assuming the restriction(s) is removed. Those who administer the policies of Paramount Schools of Excellence should be unencumbered in using the endowment or gift in the best interest of education and Paramount under changed conditions. Paramount would continue to perpetuate the name and memory of the donor or designee.

This can be accomplished by including in the instrument establishing the endowment the following language:

If, in the opinion of Paramount’s Board of Directors, all or part of the earnings of this endowment cannot be appropriately used in the manner designated, the earnings may be used for other more appropriate purposes. At the discretion of the Board of Directors, as nearly aligned to the original primary intent of the donor, a new use for endowment earnings will be identified. Upon the donor's request, Paramount will consult with the surviving spouse/partner and children, should circumstances dictate.

## Types of Gifts

Payments of commitments may take the form of one or a combination of the following gift types, which can reasonably be expected to be converted to cash within three years.

### Cash

Gifts by cash and check are accepted regardless of the amount. The value of any cash or check or credit donation is its face amount. Checks must be made payable to Paramount Schools of Excellence and should be delivered to the Director of Advancement at Paramount’s administrative offices, 3000 E. New York, Indianapolis, Indiana 46201.

### Credit Card Contributions

Funds may be transferred to Paramount via credit card. Secure credit card contributions may be made at [www.paramountindy.org](http://www.paramountindy.org/). There is a minimum credit card contribution of $10 needed to process the transaction.

### Pledges

A pledge is an obligation by the donor to Paramount. It must meet the criteria for "contributions" in the form of unconditional promises to give as outlined by the Financial Accounting Standards Board (FASB).

* + - * No verbal pledges will be recognized. Either a signed pledge form or letter of intent from the donor must be in the possession of Paramount before the pledge is recorded.
      * The written agreement from the donor should stipulate the amount, purpose, and intended payment schedule.
      * Pledge payment schedules cannot exceed one year for annual fund donations and three years for project funding or endowment funds contributions.
      * Permanent donor recognition is based upon the full payment of the pledge commitment within the allotted pledge period.
      * The donor initiating the pledge does so with the understanding that it is binding and assumes full personal responsibility and liability for the entire amount.
      * There are some instances when someone other than the pledge maker may make a payment toward another entity's commitment. A common example is a spouse or other family member. In such cases, a written document from the payer indicating that the payment may be applied to the other entity's pledge is needed.

### Matching Gifts

Gifts received in cash from organizations or corporations to match gifts of contribution or securities made by individuals who are associated with that corporation or organization will be credited to the individual donor's original gift that is being matched. A receipt and thank you are sent to the matching gift program, and the contribution is recognized in donor rolls.

### Securities

Securities actively traded on recognized U.S. and Canada stock exchange will be accepted within the policies outlined below. Other readily marketable securities, including bonds, mutual funds, and closely held stock, will be evaluated and accepted if it is in the best interest of Paramount. Paramount will typically liquidate securities given to Paramount as soon as possible unless otherwise directed by the Board. The resulting proceeds are placed in the restricted or unrestricted fund or endowment designated by the donor.

#### Transfer Methods

Paramount should be notified in advance about securities being transferred, the number of shares, the intended gift date, and the designation of the gift (for example, Annual Fund, or a specific project). If a donor is not identified, Paramount will liquidate securities after 30 days, and the gift will be allocated to the Annual Fund.

**Donation of securities via electronic transfer:** Securities may be transferred directly into Paramount’s brokerage account. Donors should contact Paramount’s Director of Advancement at 317.519.4588 or visit [www.paramountindy.org](http://www.paramountindy.org/).

Donation of securities via mail: If the donor has physical custody of the stock certificates, they should be sent unsigned by registered mail. Signed stock or bond power forms must be sent separately from the stock or bond certificates. Signatures on the stock or bond power must exactly the names on the certificates. Donors should contact Paramount’s Director of Advancement at 317.519.4588 for address information.

#### Donation of securities via hand delivery:

Stock certificates may be hand-delivered to Paramount’s Advancement Department:

Paramount Schools of Indianapolis Director of Advancement

3005 E. New York Street

Indianapolis, IN 46201

Donors may deliver securities to the trust department of any U.S. bank and ask the bank to report the gift to Paramount immediately. Signed stock or bond powers should be provided to the trust department, broker, or Paramount.

#### Publicly Traded Securities

Gifts of marketable securities will be valued at the average market value on the day the securities are received in the brokerage account or in-person. The value of less actively traded securities, rarely traded securities, or securities that do not trade on the gift date should be determined according to the rules delineated in IRS Publication 561. In some cases, marketable securities may be restricted by applicable securities laws; in such instances, the final determination on the acceptance of the restricted securities may be made by the Board.

Per IRS guidelines, the donor will receive an acknowledgment for tax purposes that recognizes the value of the stock gift on the date that it entered Paramount’s securities account.

The following questions apply to the acceptance of warrants, stock options, and stock appreciation rights:

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

#### Mutual Fund Shares

Paramount may accept mutual fund shares. In most cases, Paramount’s securities brokerage account can receive and liquidate mutual fund shares. If it cannot, Paramount would open an account with another firm to accept the shares. Some aspects of the process are beyond Paramount’s control and require several weeks to complete. Therefore, donors are advised to allow at least two to three weeks for such transactions. Paramount Schools reserves the right to decline a gift of mutual fund shares if the administrative costs exceed the fair market value of the contribution.

To initiate a gift of mutual fund shares, Paramount must be notified of the mutual fund gift, the name of the institution where the shares are held, the number of shares, the intended gift date, and the intended use of the gift (for example, Annual Fund or a special project). If the shares are held at the mutual fund company, the donor and Paramount must follow the steps that the company requires for the ownership transfer.

#### Closely Held Securities

Proposed gifts of 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, will be reviewed by addressing the following questions:

* 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 Paramount? If so, does Paramount have funds to pay this tax?
* Will the gift trigger any adverse tax consequences to the donor? If the donor is unsure, please advise that person to talk with his or her accountant.
* Are there restrictions on the security that would prevent Paramount from ultimately converting those assets to cash?
* How does the company operate? Does its operation of the gifted interest create liability for Paramount?
* Is the security marketable? If so, what is the market for the sale and the estimated time required for sale?

If potential problems arise on an initial review of the security, further review and recommendations may be sought from an outside professional before deciding whether to accept the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

Gifts of closely-held stock will be valued based on qualified independent appraisal at the time of the transfer. Generally, donations of privately held security will be accepted only when converted into cash within a three-year time frame is expected.

### Property

#### Tangible Personal Property

Authority to accept non-cash gifts estimated at less than $50,000 is at the discretion of the Paramount’s chief executive officer. Gifts of tangible personal property valued at more than $50,000 must be reviewed and approved by the Board. Donations of personal, tangible property such as books, paintings, works of art, and collections generally may be accepted if they are related to the mission of Paramount Schools of Excellence. They may not be accepted if:

* Made on the condition or expectation that the items will be permanently retained and exhibited, or that the collections will be maintained and shown as such.
* They require significant additional funds from Paramount for their present or future use, display, maintenance, or administration.
* It is determined that the property is not marketable, or the costs to market and sell are prohibitive.

Valuation of gifts will be:

* The donor's responsibility will be based on market value or determined by a qualified, independent, third party who is not an officer or employee of the Paramount.
* Consistent with the United States Internal Revenue Service or other country tax guidelines as applicable.
* In the case of in-kind gifts, acknowledged with a letter listing the item(s) donated, the date of the gift, and any benefits received by the donor.

#### Intellectual Property

Intellectual property rights, which include royalties, patents, copyrights, contract rights, or other similar interests, will be examined in light of the following criteria:

* Is the intellectual property right related to the mission of Paramount Schools of Excellence?
* Can the ownership of the intellectual property right be transferred or assigned to Paramount?
* Is the intellectual property right a full or fractional interest? If fractional, who are the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?
* Does the right in the intellectual property generate, or have the potential to generate, at least $5,000 or more each year.
* If the annual generated proceeds would drop below the $5,000 threshold, what are the guidelines in place to divest the asset?
* Is there a market for the sale or licensing of the intellectual property right?
* Are there any costs associated with acceptance of the intellectual property right? (For example, is the gift a patent application that will require further action to secure?)
* Are there any claims, liens, or other contests associated with the property? Or are there likely to be costs associated with defending the intellectual property right?
* Are there any restrictions on the retention or use of the property?
* What agreements or other legal documents would Paramount be required to execute in order to obtain patents, market the property, and grant licenses in the name of Paramount?

#### Real Estate

Paramount will consider real property gifts with a market value of $50,000 or greater only after review and approval by the Board of Directors and in consultation with legal counsel. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Before acceptance of real estate, Paramount Schools of Excellence requires the following items to evaluate a gift of real property:

* A preliminary title report clear of unacceptable encumbrances, performed by a reputable title insurance company
* A Member of the Appraisal Institute (MAI) appraisal by a qualified appraiser.
* A phase one environmental audit indicating that ownership will not expose Paramount Schools of Excellence to environmental liabilities. The Board of Directors may waive the phase one requirement for non-farm residential properties.
* A market feasibility study for purposes of liquidation.
* An on-site evaluation by Paramount’s chief executive officer and officer of the Board of Directors.
* Evidence of compliance with the Americans with Disabilities Amendments Act (ADA), when applicable.
* A structural engineering report, when appropriate.
* A review of leases (for commercial properties).
* A disclosure state for residential properties, when relevant.

All appraisals of real and personal property contributed to Paramount will be done per IRS publication 561, "Determining the Value of Donated Property," or other relevant guidance. An MAI appraiser should prepare a real property valuation. Personal property should be appraised by a qualified appraiser acceptable to Paramount.

A donor must pay for any initial appraisal made on the property and all the costs involved in an environmental impact study, title search, and any other related studies or reports.

Special attention will be given to the recipient of real estate encumbered by a mortgage. Unless appropriately handled, Paramount’s ownership of such property may give rise to unrelated business income tax for Paramount and disqualification of certain split-interest gifts.

Gifts of real property will be reported based on the appraised value determined by a qualified independent appraiser within 60 days of the date of transfer.

#### Bargain Sales

A bargain sale is a sale of a property to Paramount for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. Paramount may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of Paramount. All bargain sales must be reviewed, recommended, and approved by the Board. In determining the appropriateness of the transaction, Paramount will consider whether:

* The value of the property has been sustained by an independent appraisal.
* Any debt ratio assumed with the property is less than 50% of the appraised market value.
* Paramount Schools of Excellence will use the property, or there is a market for sale of the property allowing sale within 12 months of the receipt.
* The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined.
* The bargain sale price may be paid in full or in installments.
* The guidelines for acceptance or real estate property will apply.

#### Remainder Interests in Property

A gift of real property with a retained life estate involves the transfer of the title to a personal residence, farm, or timberland to Paramount whereby the donor or another person retains the use of the property for a term of years or the life span(s) of the donor or another person.

Paramount may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of the preceding policies. At the death of the life tenants, Paramount may use the property or convert it to cash. Where Paramount receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are the responsibility of the donor or primary beneficiary.

#### Oil, Gas, and Mineral Interests

Paramount may accept oil, gas, or mineral interests, when appropriate. In accepting oil, gas, or mineral interests, Paramount will determine whether the following criteria are met:

* Gifts of surface rights should have a value of $20,000 or greater.
* Gifts of oil, gas, and mineral interests should generate at least $3,000 a year in royalties or other income (as determined by the average of three years before the gift).
* The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
* A working interest is rarely accepted. A working interest may be accepted only when there is a plan to minimize potential liability and tax consequences.
* The property must undergo an environmental review to ensure that Paramount has no current or potential exposure to environmental liability. The donor must bear the cost of the environmental review.

### Services

Donations of services are contributions of billed service for work performed for Paramount related to the business or profession of the provider. Gifts of services will be recognized at the level of actual expenses invoiced. Evidence of the donated service will be an invoice stating the date and type of service rendered, quantity cost, total cost, and the amount contributed.

### Deferred Gifts

Deferred gifts will not be recorded as gifts to Paramount until the gift is determined to be irrevocable. When said 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.

#### Life Insurance

Paramount must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, Paramount will recognize any premium payment in the year it was paid.

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

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

Gifts of life insurance will be valued, for recognition purposes, based on the surrender value at the date of transfer. If the owner continues to pay future premiums, the donor will be recognized for the annual donation.

Once the life insurance policy is accepted, annual reviews will determine whether it is best to continue to pay the premiums, convert the Policy to paid-up insurance, surrender the Policy for its current cash value, or change the underlying investment structure.

#### Trusts

#### Charitable Remainder Trusts

Paramount encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. However, Paramount will not serve as a Trustee of a charitable remainder trust and will instead encourage the donor to use a professional fiduciary.

#### Revocable Trust Agreements

Paramount accepts being named beneficiary of all or a portion of a revocable trust agreement. However, Paramount will not serve as a trustee of a revocable trust agreement and will instead encourage the donor to use a professional fiduciary.

#### Charitable Lead Trusts

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

#### Bequests

Donors and supporters will be encouraged to make bequests to Paramount under their wills and trusts. Such bequests will not be recorded as gifts until the donation is irrevocable. Donors who have indicated and documented a planned gift are eligible to be recognized as members of the Scholars Circle and are accorded the rights and recognition awarded members.

The following are examples of language used in bequests. Paramount recommends that donors prepare any planned giving documents with the assistance of an attorney and financial advisor.

##### General Bequest

##### I bequest the sum of $\_\_\_\_\_\_\_\_\_\_\_ to Paramount Schools of Excellence (Corporate Tax ID 26- 3890401), a 501c3 not-for-profit corporation.

##### Specific Bequest

##### I devise all of my right, title, and interest in (name of the asset) to the Paramount Schools of Excellence (Corporate Tax ID 26-3890401), a 501c3 not-for-profit corporation.

##### I bequest \_\_\_\_\_\_percent of my entire estate to the Paramount Schools of Excellence (Corporate Tax ID 26- 3890401), a 501c3 not-for-profit corporation.

## Gift Acknowledgements

Paramount is not responsible for maintaining records for proof of charitable contributions and will issue receipts for gifts in compliance with local laws.

## Changes to the Gift Acceptance Policies

The Gift Acceptance Policies were adopted and became effective on April 14, 2020.

Responsibility for review of and recommended amendments to the Policy will be that of the Finance Committee of Paramount Schools of Excellence. Paramount’s CEO has the authority to amend the Policy to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986 (the “IRC”) as amended or other applicable state or federal laws as of the date the change goes into effect. The CEO will provide the Finance Committee an explanation for the Policy change.

The Finance Committee can approve minor updates of a nonmaterial nature to the Policy; the Board of Directors will approve any substantial updates. The President of Paramount will determine whether changes to the Policy should be submitted for approval at the next meeting of the Board of Directors.

**Attachments and Referenced Documents**

* Donor Bill of Rights
* Code of Ethical Principles of Professional Practice
* Paramount Schools of Excellence Conflict of Interest Statement
* IRS Publication 526, Charitable Contributions [www.irs.gov/publications/p526](http://www.irs.gov/publications/p526)
* IRS Publication 561, Determining the Value of Donated Property [www.irs.gov/publications/p561](http://www.irs.gov/publications/p561)
* IRS Publication 8282 and Instructions [www.irs.gov/publications/p8282](http://www.irs.gov/publications/p8282)

A DONOR BILL OF RIGHTS



**DEVELOPED BY:**



Association of Fundraising Professionals (AFP)

Association for Healthcare Philanthropy (AHP)

Council for Advancement and Support of Education (CASE)

Giving Institute: Leading Consultants to Non-Profits



**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:

# I

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.

# II

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.

# III

To have access to the organization’s most recent financial statements.

# IV

To be assured their gifts will be used for the purposes for which they were given.

# V

To receive appropriate acknowledgement and recognition.

**VI**

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

# VII

To expect that all relationships with individuals representing organizations of interest

to the donor will be professional in nature.

# VIII

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

# IX

To have the opportunity for their names to be deleted from mailing lists that

an organization may intend to share.

# X

To feel free to ask questions when making

a donation and to receive prompt, truthful and forthright answers.

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**MODEL STANDARDS OF PRACTICE**

**For the Charitable Gift Planner**

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A code of ethical practice for all professionals who work together to structure gifts that balance the interests of the donor and the purposes of the charitable institution.

#### PREAMBLE

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fundraising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

#### PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

#### EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

#### FULL DISCLOSURE

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act

or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

#### COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by an organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate

#### COMPETENCE AND PROFESSIONALISM

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

#### CONSULTATION WITH INDEPENDENT ADVISORS

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor’s choice.

#### CONSULTATION WITH CHARITIES

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the organization, the Gift Planners, in order to insure that the gift will accomplish the donor’s objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity’s input in the gift planning process.

#### DESCRIPTION AND REPRESENTATION OF GIFT

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor’s family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

#### FULL COMPLIANCE

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

#### PUBLIC TRUST

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.





**CONFLICT OF INTEREST POLICY**

**Article I Purpose**

This Conflict of Interest Policy is designated to help Paramount Schools of Excellence, Inc. (PSOE) identify transactions or arrangements that might present a potential conflict of interest. This policy is further designated to provide PSOE with a procedure that will allow such a transaction or arrangement to proceed if the Director determines the transaction or arrangement is in the best interests of PSOE, is fair and reasonable, and is consistent with PSOE’s socially responsible purpose and operating principles.

**Article II Definitions**

* 1. **Covered Person**

A covered person is any director, officer, member of a Committee (including advisory) that has director- delegated powers, employee or other person designated by the Director as subject to this Policy.

* 1. **Financial Interest**

A covered person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

1. An actual or potential compensation arrangement with PSOE, or with an entity with which PSOE has a transaction or arrangement or is negotiating a transaction or arrangement, or
2. An actual or potential ownership or investment interest in any entity with which PSOE has a

transaction or arrangement or is negotiating a transaction or arrangement. (A covered person’s accounts at a financial institution that participates in the PSOE Guarantee Program or which may be added to the Program would not be covered by the foregoing language).

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

* 1. **Conflict of Interest**

A financial interest is not necessarily a conflict of interest. Under Article III, Section 5, a person who has a financial interest has a conflict of interest only if a majority of Directors decides that a conflict of interest exists.





* 1. **Duty to Disclose**

**Article III Procedures**

In connection with any actual or possible conflict of interest, a covered person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors.

* 1. **Determining Whether a Conflict of Interest Exists; Procedures for Addressing the Conflict of Interest**
     1. A covered person with a direct or indirect financial interest may make a presentation to the Director disclosing the financial interest and all material facts at the meeting of Directors considering the conflict of interest. A person who has a conflict of interest shall not participate in or be permitted to hear the Directors’ discussion of or voting upon the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
     2. If no presentation is made by the covered person that has a direct or indirect financial interest at a meeting or Directors considering the conflict of interest, the covered person shall disclose to the chair of the meeting all facts material to the conflict of interest, and the chair shall report on the disclosure at the meeting.
     3. The Directors shall decide by majority vote (excluding the person which conflict of interest) whether a conflict of interest exists.
     4. If the Directors determine a conflict of interest exists, the chair of the meeting shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
     5. After exercising due diligence, the Directors shall determine whether PSOE can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
     6. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Directors shall determine by majority vote of the

disinterested Directors whether the transaction or arrangement is in the PSOE’s best interests, is fair and reasonable, and is consistent with PSOE’s socially responsible purpose and operating principles. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.





* 1. **Violations of the Conflict of Interest Policy**
     1. If the Directors have reasonable cause to believe the covered person has failed to disclose actual or possible conflicts of interest, they shall inform such person of the basis for such belief and afford the covered person an opportunity to explain the alleged failure to disclose.
     2. If, after hearing the covered person’s response and after making further investigation as warranted by the circumstances, the Directors determine the covered person with failed to disclose an actual or possible conflict of interest, PSOE shall take appropriate disciplinary and corrective action.

**Article IV Records of Proceedings**

* 1. **Violations of the Conflict of Interest Policy**

The minutes of the Directors considering an actual or possible conflict of interest shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the decision of the Directors as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**Article V Compensation**

* 1. **No Compensation**

The Directors and Officers of PSOE shall serve without compensation.

**Article VI Annual Certification**

* 1. **Annual Certification; Duty to Update**

Each covered person shall annually sign a certification in the form attached hereto as Exhibit A. In addition, each covered person shall promptly furnish PSOE with an updated certification in the event that the certification previously furnished to PSOE is no longer true and complete.





#### CONFLICT OF INTEREST CERTIFICATION

Name:

Please describe below any relationship, position, or circumstance in which you are directly or indirectly involved, through business, investment or family, that is or could contribute to a conflict of interest under Paramount School of Excellence, Inc. (PSOE) Conflict of Interest Policy. If none, so state. (If more space is needed, please attach related pages).

Please identify below all organizations that you are affiliated with as a Board member, committee member, employee, consultant, agent or in any other capacity. (If more space needed, please attach related pages).

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I agree to promptly furnish PSOE with an updated certification in the event that the certification I previously furnished to PSOE is no longer true and complete. I have reviewed, understand and agree to abide by, the Conflict of Interest Policy of PSOE that is currently in effect.

Signature:

School Year Term:

Date