

NEW MEXICO SCHOOL FOR THE ARTS  
HIGH SCHOOL

**GIFT ACCEPTANCE POLICY**

The School for the Arts-NM (SA-NM) is a New Mexico, tax exempt, arts educational institution. NMSA is a public private partnership comprised of SA-NM and the New Mexico School for the Arts (the " School"), a New Mexico statewide public high school. NMSA was created in order to give New Mexico students with exceptional promise, aptitude and passion for the arts the opportunity to excel in the arts and earn a New Mexico high school diploma by engaging in the highest standards of artistic and academic excellence. NM-SA and the School each encourages the solicitation and acceptance of gifts to SA-NM for purposes that will help SA-NM and the School achieve their goals and fulfill their mission and educational purposes. SA-NM will accept appropriate gifts made for the benefit of the School. This First Amended Gift Acceptance Policy ("Policy") governs the acceptance of gifts by SA-NM for its benefit and/or for the benefit of the School.

1. **Purpose.** SA-NM and its staff solicit current and deferred gifts from individuals, corporations and foundations to fulfill the mission and secure the growth of SA-NM and the School. This Policy governs the acceptance of gifts by SA-NM and provides guidance to prospective donors and their advisors when making gifts for the benefit of and/or the School. The provisions set forth in this Policy shall apply to all gifts received by SA-NM for any of the operations, programs or services provided by SA-NM and the School.
2. **Gifts of Cash and Publicly Traded Securities.** Gifts of cash are acceptable in any form. Checks should be made out to SA-NM. Publicly traded securities may be transferred to an account maintained by SA-NM or certificates may be delivered with the donor's signature or stock power attached. All marketable securities shall be sold upon receipt. Prospective gifts of restricted securities shall be referred to the Gift Acceptance Committee.
3. **Gift Acceptance Committee.** From time to time the Finance Committee of SA-NM may convene and appoint the members of the Gift Acceptance Committee to consider and recommend to the Finance Committee whether to accept or decline (1) potential restrictive gifts or (2) potential gifts of property that are not cash or marketable securities. When appropriate, the Gift Acceptance Committee is responsible for making recommendations to the Finance Committee on gift acceptance issues. The members of the Gift Acceptance Committee shall abide by the terms of the Conflicts of interest Policy of SA-NM,
4. **Restrictions on Gifts.** SA-NM will accept gifts for specific programs and purposes, provided that the gifts are not inconsistent with the mission and purposes of SA-NM and the School. SA-NM will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive in purpose are those that violate the terms of the corporate charter of SA-NM or the charter of the School, gifts that are too difficult to administer or that are for purposes outside the mission of SA-NM and the School.

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5. **Other Types of Gifts.** Gifts, other than cash and publicly traded marketable securities, may be accepted provided that the criteria for those gifts are satisfied:
- 5.1 **Restricted Securities.** When appropriate, prospective gifts of restricted securities shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to accept a gift of restricted securities.
- 5.2 **Closely Held Securities.** Closely held securities include debt and equity positions in non-publicly traded companies and interests in partnerships and limited liability companies and other ownership forms. When appropriate, prospective gifts of closely held securities shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to accept a gift of closely held securities. The recommendation of whether to accept the gift shall include among other matters, a review and finding that (1) there are no restrictions on the securities that would prevent from converting the securities to cash within a short period of time, (2) the securities are marketable; and (3) the securities will not generate undesirable tax consequences for SA-NM. If closely held securities are transferred to SA-NM, then efforts shall be made to sell the securities as quickly as possible.
- 5.3 **Tangible Personal Property.** When appropriate, prospective gifts of tangible personal property shall be referred to the Gift Acceptance Committee for a recommendation to Finance Committee on whether to accept gifts of tangible personal property. The recommendation of whether to accept the gift shall include among other matters, a review and finding that (1) the receipt of the property fulfills the mission of and the School, (2) the property is marketable, (3) there are no undue restrictions on the use, display or sale of the property, and (4) the carrying costs for the property do not create an unreasonable burden on SA-NM or the School.
- 5.4 **Real Estate.** Gifts of real estate may include fee interests or remainder interests in developed or undeveloped property. When appropriate, prospective gifts of real estate shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to accept a gift of real property. The recommendation of whether to accept the gift shall include among other matters, a review and finding that (1) a current environmental inspection report establishes that the property is free of environmental contamination or remediation of any contamination is reasonable, (2) a current title commitment establishes that the donor has free and marketable title to the property subject to reasonable reservations, restrictions, easements and encumbrances, (3) the property will assist with the fulfillment of the mission of and the School, (4) a current appraisal report on the property establishes that the property is marketable and there are no conditions or restrictions which would prevent the sale of the property within a reasonably short period of time, and (5) the carrying costs the property will not create an unreasonable burden on or the School.

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- 5.5 **Remainder Interests in Real Property.** When appropriate, prospective gifts of remainder interests in real property shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to accept a gift of a remainder interest in a personal residence, ranch or vacation home, including conditions for accepting a gift of a remainder interest in real estate. The donor or other occupants may continue to occupy the property for the remainder of the stated life; provided that during such time the donor or other occupants pay all maintenance expense, property taxes, insurance and indebtedness on the property.
- 5.6 **Oil, Gas and Mineral Interests.** When appropriate, prospective gifts of oil, gas and mineral interests shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to accept gifts of oil, gas and mineral interests. The recommendation of whether to accept the gift shall include among other matters, a review and finding that (1) the level of royalty or other income is sufficiently high to cover the carrying and administrative costs of the interests, (2) the interests do not have extended liabilities or other potential Financial exposure that make the interests an inappropriate gift, (3) if the interests are working interests then a reasonable plan exists to minimize potential liability and tax consequences of such interests, and (4) an environmental review establishes that there is no Current or potential exposure to environmental liability.
- 5.7 **Bargain Sales.** When appropriate, prospective bargain sale transactions shall be referred to the Gift Acceptance Committee for a recommendation to the Finance Committee on whether to enter into a bargain sale transaction. The recommendation should include conditions that are necessary for accepting a gift of real estate and in addition by determining, among other matters, that (1) if debt on the property will be assumed, then the debt ratio on the property is less than 50% of the appraised market value of the property, unless another ratio is approved after a diligent review of all of the costs of carrying the property, (2) the property will be used by SA-NM or the School or the property is marketable and there are no conditions or restrictions which would prevent the sale of the property within a reasonably short period of time, (3) and the carrying costs for the property do not create an unreasonable burden on SA-NM or the School.
- 5.8 **Life Insurance.** Donors and supporters of SA-NM and the School will be encouraged to name SA-NM as the beneficiary or contingent beneficiary of their life insurance policies. Beneficiary designations shall not be recorded as gifts unless the gift becomes irrevocable. A donor who wished to make a gift of a life insurance policy to SA-NM must designate SA-NM as beneficiary and must irrevocably transfer ownership of the policy to SA-NM. The value of the gift of a life insurance policy is the interpolated terminal reserve value of the policy on the date of the receipt of the policy. If the donor makes future premium payments on the policy, the total amount of premium payments made in one year by the donor is a gift to SA-NM. If the donor does not intend to make future premium

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payments on the policy. SA-NM may (1) continue to make premium payments, (2) convert the policy to paid up insurance or (3) surrender the policy for its current cash value.

- 5.9 **Charitable Gift Annuities.** SA-NM may offer charitable gift annuities provided that the Board of Trustees approves the recommendation of the Finance Committee to adopt a charitable gift annuity plan that complies with all of the then current requirements of the Internal Revenue Code and that the financial projections for the cost of the gift annuity plan will add to the financial strength of SA-NM.
- 5.10 **Charitable Remainder Trusts and Charitable Lead Trusts.** NM-SA may accept the designation as a charitable remainder beneficiary of a charitable remainder trust or as a charitable income beneficiary charitable lead trust provided that the Finance Committee approves the designation. SA-NM shall not accept appointment as Trustee of either a charitable remainder trust or a charitable lead trust.
- 5.11 **Retirement Plan Beneficiary Designations.** Donors and supporters may designate it as a beneficiary of their retirement plans. The designation of SA-NM as a beneficiary of a retirement plan shall not be recorded as a gift until it becomes irrevocable and is accepted by the Finance Committee. If a gift becomes irrevocable but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.
- 5.12 **Bequests.** Donors and supporters of SA-NM will be encouraged to make bequests to SA-NM under their wills and trusts. Bequests will be recorded as gifts to SA-NM at the time the bequest
6. **Conflict of Interest.** SA-NM will not provide donors with advice from legal and financial advisors in matters relating to gifts to and the resulting tax Financial and estate planning consequences to donors. SA-NM will not pay any fee to any person as consideration for directing a gift to SA-NM. If SA-NM employs a professional advisor to assist with the receipt of a potential gift, then SA-NM will inform the prospective donor that the professional advisor is acting on behalf of SA-NM and not on behalf of the donor and will advise the donor to retain a professional advisor to review all matters and documents related to the prospective gift. The donor will be responsible for paying for all fees of professionals providing advice to the donor.
7. **General Provisions.**
- 7.1 **Gift Values.** The value of a gift received by SA-NM will be recorded as of the date of the gift.
- 7.2 **IRS Filing Requirements.** All required IRS forms, including IRS Form 8282 (required for the sale of any asset within two years of its receipt for more than \$5,000), will be filed in a timely manner with the Internal Revenue Service.

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- 7.3 Gift Acknowledgment. Written acknowledgements will be made for all gifts received by SA-NM which comply with the then current requirements of the IRS.
- 7.4 Amendments. Any amendments to this First Amended Gift Acceptance Policy shall be made in writing and shall be approved by the Board of Trustees of SA-NM and the Governing Board of the School.

This Gift Acceptance Policy was amended by the Governing Council of the New Mexico School for the Arts, effective July 11, 2014.

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ATTEST;



SHERRY THOMPSON, Chair  
of the Governing Council



PAULA TACKETT, Secretary  
of the Governing Council