

Purpose

As a not-for-profit organization organized under the laws of the State of Texas and exempt as a public charity under Section 501(c)(3) of the Internal Revenue Code, Heritage Academy encourages the solicitation and acceptance of gifts for purposes that will assist Heritage Academy to further and fulfill its mission.

The purpose of this Policy is to govern the acceptance of gifts by Heritage Academy and to provide guidance to the Heritage Academy Board of Directors (the “Board”), the Chief Executive Officer/Superintendent of Schools (the “Superintendent”), and prospective donors when making gifts to Heritage Academy. The provisions of this Policy shall apply to all gifts received by Heritage Academy for any of its schools, programs or services, and to the acceptance of gifts made to Heritage Academy or for the benefit of any of its schools or programs.

Restrictions on Gifts

Heritage Academy will accept unrestricted gifts, and gifts for specific schools, programs and purposes, provided that such gifts are consistent with Heritage Academy’s mission, purposes, and priorities. Heritage Academy will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the charitable and educational trust of Heritage Academy, or that are accompanied by an improper economic benefit to the donor or vest the donor with inappropriate control or influence. The Board shall make all final decisions on the restrictive nature of a gift and its acceptance or refusal.

Gift Acceptance Committee

The Board may establish a Gift Acceptance Committee of the Board to review gifts made to Heritage Academy and to carry out certain terms of this Policy. The Gift Acceptance Committee may be charged with the responsibility of reviewing all gifts made or proposed to be made to Heritage Academy, properly reviewing those gifts, and making recommendations to the Board on gift acceptance and related issues.

Use of Legal Counsel and Other Professional Assistance

Heritage Academy shall seek the advice of legal counsel or other professional advisors (such as an accountant, financial advisor or professional money manager) when appropriate and as recommended in this Policy relating to the acceptance of certain types of gifts. Generally, Heritage Academy shall seek the advice of legal counsel in all matters pertaining to the acceptance of any gift which may have adverse legal, ethical (including a potential conflict of interest), or other consequence of concern to Heritage Academy.

All prospective donors shall be urged and encouraged by Heritage Academy to seek and secure the assistance of independent legal, tax and financial advisors in matters relating to their gifts and the resulting tax and estate planning implications. Heritage Academy shall not pay the legal fees or any professional fees of the donor in connection with a gift to Heritage Academy. Heritage Academy shall not provide any opinion, statement or recommendation to the donor as to the tax deductibility of the gift or as to any tax consequences or tax implications of the gift that may affect the donor.

It shall be the responsibility of the donor to secure an appraisal of property where required. The donor shall pay any fees associated with securing such appraisal.

Types of Gifts

The following types of gifts are generally acceptable:

1. Cash Donations
2. Testamentary Bequests
3. Charitable Remainder Trusts
4. Charitable Lead Trusts
5. Tangible Personal Property
6. Oil, Gas and Mineral Interests
7. Life Insurance/Life Insurance Beneficiary Designations
8. Retirement Plan Beneficiary Designations
9. Securities
10. Real Estate

The following types of gifts are generally not acceptable:

1. Charitable gift annuities
2. Pooled income funds

Criteria for Certain Types of Gifts

The criteria below govern the acceptance of each type of gift. Unless indicated otherwise, each type of gift is subject to prior review by the Board and/or the Gift Acceptance Committee.

1. Cash or Cash Equivalents: Cash is acceptable in any form. Checks shall be made payable to “Heritage Academy” and shall be delivered to the Superintendent at the Heritage Academy administrative office.
2. Charitable Pledge Agreements: Acceptable if payable only in acceptable form as set forth in this Policy. Pledges payable over more than one year shall generally not be acceptable unless at least \$1,000.00.
3. Securities: Both publicly traded securities and marketable closely held securities are acceptable upon review by Board and/or the Gift Acceptance Committee and legal counsel. Review and recommendation by an outside financial professional or money manager may be sought prior to acceptance of the gift. Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor’s signature or stock power attached. As a general rule, Heritage Academy shall promptly sell all securities upon receipt.

4. Closely Held Securities; Other Intangibles: Heritage Academy shall not accept securities and other intangible assets (such as interests in LLPs and LLCs or other ownership forms) that may not be sold or transferred, that have no value, are not marketable, or that may generate additional liability or undesirable tax or other consequences for Heritage Academy. Review and recommendation by legal counsel and/or a financial professional should be sought before making a final decision on acceptance of closely held securities or other intangibles as a gift.

5. Tangible Personal Property: Gifts of tangible personal property are often called “in-kind” gifts and include gifts such as supplies, equipment, furniture, printed materials, books, food, software, motor vehicles and artwork. Gifts of tangible personal property will be examined as follows:
 - a) Will the property be used by Heritage Academy in furtherance of its mission?
 - b) Is the property marketable?
 - c) Are there restrictions on the use, display or disposition of the property?
 - d) Are there carrying costs of the property?

Heritage Academy shall not value or offer to value the property. The donor shall sign a statement of ownership and disclose any liens on the property. Heritage Academy shall not accept any property subject to a restriction on its ability to use, sell or otherwise dispose of the property as it deems necessary.

6. Life Insurance Policy/Beneficiary Designation: Heritage Academy may accept the gift of a life insurance policy, provided Heritage Academy is named as both the owner of the policy and irrevocable beneficiary of the policy prior to acceptance of the gift. Beneficiary designations shall not be recorded as gifts to Heritage Academy unless and until 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 policy is not fully paid-up and the donor does not continue to make gifts to cover premium payments on the policy, Heritage Academy shall have the right to continue to pay the premiums, convert the policy to paid-up insurance, surrender the policy for its current cash value, or otherwise make use of its value.

7. Real Estate. Heritage Academy will not accept any real estate subject to a restriction on Heritage Academy’ ability to use, sell or otherwise dispose of or deal with the property as it deems necessary. Prior to the acceptance of real estate, Heritage Academy shall require an initial environmental review of the property by a qualified environmental review firm to ensure that the property

has no environmental damage or liabilities. In the event that the initial review reveals a potential problem or concern, the organization may retain a qualified environmental review firm to conduct an environmental audit. The cost of the environmental review and any environmental audit shall be the expense of the donor. Appraisal costs are the responsibility of the donor.

A title report or abstract of title shall be obtained by Heritage Academy prior to the acceptance of the real property gift. Criteria for acceptance of the property shall include:

- a) A review of a complete profile of the property, including the title report and environmental review or audit, inspection reports, the deed, any encumbrances, leases, and tax bills.
 - b) A review of the carrying costs, sale and holding costs of the property, such as insurance, property taxes, mortgages, notes, etc.
 - c) A review of the restrictions, reservations, easements or other limitations on the property.
 - d) A review of the use of the property for Heritage Academy' purposes.
 - e) A review of a recent appraisal of the property and consultation with a real estate advisor as to marketability of the property.
8. Oil, Gas and Mineral Interests: Heritage Academy may accept oil and gas property interests upon review by Board and/or the Gift Acceptance Committee and legal counsel. The property shall undergo an environmental review by an environmental firm. The property should be reviewed for liabilities or other considerations (such as undesirable tax consequences or valuation issues for working interests) that might make receipt of the gift inappropriate.
 9. Charitable Remainder Trusts: Heritage Academy may accept designation as remainder beneficiary of a charitable remainder trust upon the review by the Board and/or the Gift Acceptance Committee and legal counsel. Heritage Academy will not accept appointment as a trustee of a charitable remainder trust.
 10. Charitable Lead Trusts: Heritage Academy may accept designation as income beneficiary of a charitable lead trust upon review by the Board and/or the Gift Acceptance Committee and legal counsel. Heritage Academy will not accept appointment as trustee of a charitable remainder trust.
 11. Retirement Plan Beneficiary Designations: Donors and supporters of Heritage Academy are encouraged to name Heritage Academy as a beneficiary of a retirement plan. Such designations shall not be recorded as gifts unless and until the gift is irrevocable. When 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.

12. **Bequests:** Donors and supporters of Heritage Academy are encouraged to make bequests to Heritage Academy under their wills and trusts. Such bequests will not be recorded as gifts unless and until the gift is irrevocable. When 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.

Acceptance of Gift by the Superintendent

Subject to the terms of this Policy, the Superintendent shall have discretion and authority to accept (i) unrestricted gifts of a value up to \$1,000.00 and (ii) restricted gifts of a value up to \$5,000.00. Only the Board may accept gifts above those amounts.

Valuation of Gifts

Heritage Academy shall record a gift received by Heritage Academy at its valuation for gift purposes on the date of gift and accordance with GAAP.

IRS Filing Upon Sale of Gift

Heritage Academy is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold by Heritage Academy within two years of receipt where the charitable deduction value of the item was \$5,000.00 or greater. Heritage Academy must file such form within 125 days of the date of sale or disposition of the asset. The Heritage Academy Business Manager/Chief Financial Officer shall be responsible for the recordation and filing of this form to the IRS.

Written Acknowledgment of Gifts and Contributions

Written Acknowledgement of all gifts made to Heritage Academy and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Board. The Heritage Academy Business Manager/Chief Financial Officer shall be responsible for ensuring compliance with IRS requirements regarding acknowledgments.

Confidentiality

Heritage Academy shall hold all information concerning donors or potential donors in strict confidence, subject to requests for information that Heritage Academy is required by law or court order to provide. Heritage Academy shall not release information about donors or the gift that is not otherwise public information unless permission from the donor is obtained. Heritage Academy will respect the confidentiality of donors who do not wish to be recognized.

Review of Policy; Changes to Policy

The Board shall review this Policy on a periodic basis (but no less than five years) or if applicable, the Gift Acceptance Committee shall periodically review and recommend changes to this Policy for approval and adoption by the Board.