



## **St. Cloud State University Foundation Gift Acceptance Policy**

### **Introduction**

The purpose of this gift acceptance policy is to give guidance and counsel to those individuals within the St. Cloud State University Foundation, Inc. (the “Foundation”) concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of private sector gifts.

This policy must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with the Foundation’s mission, bylaws and other policies. Flexibility must be maintained since some gift situations will be complex, and proper decisions can be made only after careful consideration of all related factors. If necessary, appropriate Foundation staff and/or board committees along with legal council may require the merits of a gift be considered when applying this policy.

All fundraising activities and their day-to-day implementations, are designed, managed and must be approved by the executive director to protect the interest of the donor and to avoid an excessive number of solicitations in the name of St. Cloud State University. All philanthropic commitments to the University must be processed by and credited to the donor through the Foundation’s gift processing and data management system.

The board, through the executive committee and the executive director, is responsible for the gift acceptance policy. This responsibility cannot be delegated or waived. This policy and authorizations shall be reviewed by the executive committee on an annual basis or as circumstances warrant.

### **Gift Acceptance and Refusal**

The Executive Director and the Board have the authority to solicit and/or accept gifts on behalf of the Foundation. Unrestricted, outright gifts or cash, check, credit card, and publicly traded securities do not require approval. Routine gifts are accepted and administered by the Foundation office, with final authority to accept routine gifts lying with the Executive Director.

The Foundation receives gifts in the form of cash, checks, and securities. Securities are received into the investment account maintained at a board-designated institution. Currently, this account is with US Bank. Gifts of securities will be receipted to the donor at the value received into the account, as of the day received.

### **Gift Acceptance Committee**

The Foundation will have a Gift Acceptance Committee (GAC) consisting of the Executive

Director, the Director of Finance and a member of the Foundation Senior Management Team. The GAC must have at least two members present (in person, by email, or zoom) in order to accept or decline a gift. The role of the GAC is to review proposed gifts of \$25,000 or more. The GAC also must approve any gifts of real, tangible or intangible property, regardless of value. The committee will represent the University's interest in evaluating the use and purpose of the gift related to the University's mission. The GAC may also review unusual, questionable or potentially burdensome proposed gifts of any value. The GAC may, at its discretion, determine whether a proposed gift should be brought for review to the Foundation's Executive Committee.

Gifts will only be accepted where there is charitable intent on the part of the donor. The Foundation is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the organization to address the University's most pressing needs. Unless the board grants a specific exception, the Foundation will not accept any gifts that:

1. Contain a condition that requires any action on the part of Foundation that is unacceptable to the board or St. Cloud State University administration
2. Contain a condition that the proceeds will be spent by the organization for the personal benefit of a named individual or individuals
3. Require the Foundation and the University to employ a specified person now or at a future date
4. Inhibit the Foundation from seeking gifts from other donors
5. Expose the Foundation or the University to adverse publicity, litigation, or other liabilities
6. Require undue expenditures, or involve the Foundation in unexpected responsibilities because of their source, conditions, or purpose
7. Involve unlawful discrimination based upon race, religion, gender, sexual orientation, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws

Noncash gifts will be accepted only when it is reasonably expected they can be converted into cash within a reasonable period of time or when the Foundation can utilize the property in its operations. Generally, one year shall be considered reasonable for conversion to cash. All noncash gifts to the Foundation will be sold at the discretion of the Foundation, whose express policy will be to convert the property to cash at the earliest opportunity, keeping in mind current market conditions and the potential use of the property in the accomplishment of the mission of the Foundation.

Property encumbered by a mortgage or other indebtedness cannot normally be accepted as a gift unless the donor agrees to assume all carrying costs until the property is liquidated. Exceptions to this guideline can be made when the value of the property exceeds the anticipated exposure, or will produce income, or will be used by the Foundation or University in its programs.

Associated expenses of a gift made to the Foundation are to be borne by the donor, unless waived by the Foundation's executive committee.

Donors of property gifts over \$5,000, except for gifts of publicly traded stock, must obtain an appraisal by an independent third-party appraiser in accordance with current tax law requirements.

To avoid conflicts of interest, the unauthorized practice of law, the rendering of investment advice, or the dissemination of income or estate tax advice, all donors of noncash gifts must acknowledge that the Foundation is not acting as a professional advisor and/or rendering opinions on the gift. All information concerning gift planning from the Foundation is to be for illustrative purposes only and is not to be relied upon in individual circumstances. The Foundation may require a letter of understanding from a donor of a property gift, along with proof of outside advice being rendered, before such a gift will be accepted.

All gifts of life insurance must comply with applicable state insurance regulations, including insurable interest clauses.

All gifts and gift considerations must meet all applicable local, state and federal laws and regulations.

### **Gift and Fund Agreements**

The Foundation will set up a new fund to receive charitable contributions when it determines that there is a need for said fund and that minimum funding requirements have been or will be met by the donor or department seeking to establish a fund. A fund agreement will be signed and executed by the donor(s) and the Foundation when the gift commitment has terms, restrictions or conditions for the use that should be preserved. A donor and the donor's family or designee who establishes a scholarship, award or fund may not participate in the selection of recipients or the administration of the award or fund. Final decision on the allocation of funds is the responsibility of the Foundation and/or its designees. Philanthropic gifts are given to the Foundation and are no longer the property or in control of the donor. Any donor requested modifications from the original agreement are not advised. Modification to the original agreement must be agreed to by the Executive Director and/or Foundation Board.

Per the SCSU Foundation bylaws, the Foundation reserves the right to broaden or alter the purpose of a gift, as well as gift restrictions and gift administration details, should the original purpose of the gift no longer meet the needs or serve the mission of the University or Foundation. The Foundation may exercise this right with the approval of its Executive Director and/or Board of Directors and in adherence to applicable laws and regulations.

### **Restricted and Unrestricted Gifts**

Unrestricted gifts shall be encouraged unless:

1. The donor is only willing to make a restricted gift
2. The option of a restricted gift will otherwise significantly increase the chances of obtaining the donor's gift
3. The gift is solicited to address a specific need

In drafting instruments for the gift of restricted funds to the Foundation, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose.

If within 30 days of gift acceptance, the SCSU Foundation or St. Cloud State University is unable to facilitate the stated gift usage, a conversation will be had with the donor about identifying alternate mechanisms to facilitate the gift. If alternative mechanisms cannot be identified, or there is not agreement with the donor, the SCSU Foundation Board authorizes the

Executive Director to return the original principal of the gift to the donor.

Any gifts that fall outside of the 30-day window of gift acceptance will be handled according to stated policies and procedures of the SCSU Foundation.

### **Types of Gifts Marketed and Accepted**

The Foundation must receive all philanthropic commitments to St. Cloud State University. Outright gifts to the Foundation shall be reported when assets are actually and irrevocably transferred to St. Cloud State University Foundation.

Irrevocable deferred gifts shall be reported as a pledge at face value. Revocable deferred gifts documented by provisions in wills or other revocable instruments shall be reported for recognition purposes only and are not treated as charitable gifts for accounting purposes until the gift is received.

For recognition purposes only, revocable gifts may be recognized in campaign totals at face value if reported separately from outright gifts and irrevocable deferred gifts.

Total fundraising progress will be the sum of all new gifts (outright and irrevocable deferred) and new pledges against a stated goal. Verbal pledges or commitments may not be counted in gift totals. Non-gift revenue will not be reported in the Foundation's reported fundraising progress.

The following are assets accepted by the St. Cloud State University Foundation (see addendum for definitions):

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|--|--|
| 1. Cash and Cash Equivalents   | 8. Charitable Remainder Unitrusts          |
| 2. Publicly Traded Securities  | 9. Unitrusts                               |
| 3. Closely Held Securities   | 10. Charitable Gift Annuities              |
| 4. Real Estate, Mineral Interests  | 11. Charitable Lead Trusts                 |
| 5. Personal Property   | 12. Life Insurance                         |
| 6. Gifts-In-Kind   | 13. Remainder Interest in Real Property    |
| 7. Deferred Gifts (include bequests through wills or living trusts, retirement plan designations, life income plans, charitable lead trusts and retained life estates) | 14. Retirement Accounts                    |
|  | 15. Donor-Advised and Donor-Directed Funds |
|  | 16. Royalties                              |
|  | 17. Alternative Assets (with GAC approval) |

### **Administrative Expenses**

The Foundation will not pay commissions or finder's fees as consideration for directing a gift to the Foundation.

Donors are responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to the Foundation and for any fees or other expenses related to such appraisals.

The Foundation retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

The Foundation will acknowledge receipt of gifts of tangible personal or real personal property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgement does not entail valuing the gift.

## **Stewardship**

The Foundation will be responsible for good stewardship toward its donors by following these guidelines:

1. All gifts will be acknowledged and receipted within the required, or otherwise reasonable period of time.
2. All gift acknowledgement communications or receipt letters will be prepared by the executive director or his or her designee.
3. Gifts to the Foundation shall be reported in a manner consistent with industry best-practices and recommendations by financial auditors.
4. Files, records, and mailing lists regarding all donors are maintained and controlled by the Foundation. Maximum use will be made of information and contacts that board members, various volunteer groups, or the staff have with donors. Written reports of interactions will be maintained in the donor's file. Currently, this is the Raiser's Edge database.
5. This information is confidential and is strictly for the use of the Foundation board and staff. Use of this information shall be restricted to the Foundation purposes only.
6. The Foundation will provide endowed fund donors with financial balances of their fund(s) on an annual basis through the endowment fund letter.
7. The Foundation will update donors on the impact of philanthropy on an annual basis.
8. Gifts to the Foundation and accompanying correspondence will be considered confidential information, with the exception of the publication of donor recognition societies, and/or annual listings. All donor requests for confidentiality will be honored.
9. Names of donors and contact information will not be provided by the Foundation to other organizations, including the University, nor will any lists be sold, given or traded with other organizations. To facilitate stewardship of donors at appropriate levels (President's Club of \$1,000/year and above), the Executive Director has discretion to engage University officials in stewardship activities which may reveal donor names, excluding those who have requested anonymity. A donor may be listed as anonymous in Foundation publications and materials.

## **Professional Advice**

Donors or prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No Foundation representative shall provide legal or tax advice to any donor or prospective donor.

Upon request, Foundation representatives may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. The Foundation may also provide upon request, IRS-approved prototype trust agreements for review and consideration by the donor and their advisors. The sample nature of such language or agreements shall be clearly stated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or

specimen agreements.

### **Confidentiality**

All information about donors or prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept confidential by the Foundation and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that the Foundation is required by law to disclose the identity of donors.

### **Terminating a Donor Relationship**

The Foundation Board has the authority to end a relationship with donors. The Foundation Board may also remove visible donor recognition such as the donor wall or website listings. Based on advice from accounting professionals and other stakeholders, the Foundation Board will also make decisions about the donation itself.

### **Authority**

The Executive Director or their designee is authorized to enter into gift agreements, including planned gifts, on behalf of the Foundation and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exception to this gift acceptance policy may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the Executive Director.

This gift acceptance policy may be amended by the Board of Trustees.



## **Addendum to Gift Acceptance Policy**

The following are assets accepted by the St. Cloud State University Foundation:

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| 1. Cash and Cash Equivalents   | 8. Charitable Remainder Unitrusts          |
| 2. Publicly Traded Securities  | 9. Unitrusts                               |
| 3. Closely Held Securities   | 10. Charitable Gift Annuities              |
| 4. Real Estate, Mineral Interests  | 11. Charitable Lead Trusts                 |
| 5. Personal Property   | 12. Life Insurance                         |
| 6. Gifts-In-Kind   | 13. Remainder Interest in Real Property    |
| 7. Deferred Gifts (include bequests through wills or living trusts, retirement plan designations, life income plans, charitable lead trusts and retained life estates) | 14. Retirement Accounts                    |
|  | 15. Donor-Advised and Donor-Directed Funds |
|  | 16. Royalties                              |
|  | 17. Alternative Assets (with GAC approval) |

### **1. Cash and Cash Equivalents**

Cash gifts may be made with currency, check or credit card. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT), or by wire transfer. Cash gifts are reported the date the cash is received in the Foundation gift processing office and post marks are used as the gift date for mailed gifts. If gifts are transferred by EFT or wire, the date of the gift is the date that the money is transferred into the Foundation's account. Credit card gifts are reported on the date that the credit card charges are processed. Gifts from non-domestic sources will be recorded as the US Dollar equivalent received by the Foundation.

### **2. Publicly-Traded Securities**

Securities (1) listed on an exchange in which quotations are published daily; (2) regularly traded in national or regional over-the-counter markets for which published quotations are available; or (3) that are shares of a mutual fund for which quotations are published on a daily basis in a publicly accessible format (newspaper, website, etc.) throughout the United States, will be accepted as outright gifts or toward pledges. The value of securities is determined on the date in which securities are received in the Foundation brokerage account. The mean trading price on the gift date determines the value of securities for reporting purposes.

### **3. Closely Held Securities (non-public)**

The GAC, following due diligence, shall examine any issue that is not publicly traded prior to its acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. A detailed explanation surrounding the circumstances of the stock, the company, and the donor's reason for this gift must be documented and provided to the GAC.

Under current law it is the donor's responsibility, for gifts of non-publicly traded securities exceeding \$10,000, to have the securities valued by a qualified independent appraiser as required by the IRS. Gifts of non-publicly traded securities of \$10,000 or less may be valued



at the per-share cash purchase price of the most recent transaction. Normally, this transaction is the redemption value of the stock by the corporation. For a gift of \$10,000 or less, when no redemption has occurred during the reporting period, an independent certified public accountant (CPA) who maintains the books for a closely held corporation is deemed to be qualified to value the stock of that corporation.

#### **4. Real Estate and Mineral Interests**

The Foundation may accept both present and future interests in real estate. Prior to acceptance of the real property, the gift shall be approved by the GAC. Gifts of real estate must be tested to be in conformity with state and federal laws, including EPA regulations and the donor must provide satisfactory evidence of environmental compliance.

Criteria for consideration of acceptance of the property shall include:

- a. Usefulness of property for purposes of the Foundation or SCSU
- b. Marketability
- c. Results of an environmental review
- d. Appraised value (minimum net appraised value is \$100,000)

Other issues to be considered include:

- a. Clarity of title
- b. Restrictions, reservations, easements, zoning or other limitations associated with the property
- c. Carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property

These policies also apply to gifts of real estate to charitable remainder trusts where the Foundation is serving as trustee.

The Foundation may accept and retain ownership of real estate gifts which SCSU plans to utilize for current university programs rather than sell immediately. If it is the intention of the donor that the Foundation not immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before the Foundation may accept such property. SCSU will be included in the GAC review process for these gifts and will manage and maintain the property. An agreement between the Foundation and SCSU will be created to outline the roles and responsibilities of each party associated with held real estate. The Foundation will have the sole discretion to select the time, sales price and sales method for any real estate gift given to the Foundation.

For retained Life Estate Gifts or gifts of a remainder interest, the donor or other occupants may continue to occupy the real property for the duration of the stated life. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, insurance and any property indebtedness are to be paid by the donor or other occupant.

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the GAC. The property

should not have extended liabilities or other considerations that make receipt of the gift inappropriate. A working interest is rarely accepted and may only be accepted when there is a plan to minimize potential liability and tax consequences.

## **5. Personal Property**

The Foundation may consider accepting gifts of personal property with the intention to sell or otherwise dispose of the property and use the proceeds to further its charitable activities. The GAC will carefully consider marketability, storage, transportation and disposal costs of all gifts of personal property. Gifts accepted shall be valued at full fair market value and the title to such gifts should be clear, unencumbered, and properly documented. Gifts of personal property may include but are not limited to works of art, antiques, stamp and coin collections, equipment, intellectual property, copyrights, rare books, manuscripts, etc. The Foundation will not accept gifts of vehicles unless reviewed and accepted by the GAC. For donated personal property valued at over \$5,000 the donor must provide a copy of IRS Form 8283 partially completed to the Foundation. The Foundation only acknowledges receipt of the property listed on the form, and does not attest to any value. The Foundation agrees that if any reported property is sold within 3 years of the date of the receipt IRS Form 8282 will be filed with the IRS providing information on the sale. A copy of the IRS Form 8282 must be sent to the original donor.

## **6. Gifts-in-Kind**

Gifts in the form of tangible personal property or intellectual property that will be retained and used by University faculty, staff and/or students will be accepted only if the property can be used to support the core mission of the University in the areas of teaching, research, creative endeavors, campus activities, outreach programs or a combination thereof. Typical gifts-in-kind include but are not limited to works of art, equipment, books, software, etc. The Foundation will not accept gifts of vehicles unless reviewed and accepted by the GAC.

Gifts-in-kind will be recorded at full fair market value. It is the policy of the Foundation to transfer ownership of all gifts of tangible personal property or intellectual property for University use to the University.

### **A. Gift-In-Kind - Acceptance**

Before the Foundation accepts gifts of property, the use and need of the property should be clearly documented and approved by the respective University unit. Foundation staff may consult with various University staff (including staff from legal, financial, purchasing, or risk management offices, as well as Deans or other University administrators) to determine demand or potential uses of gifts of tangible personal property or intellectual property. Title to the gift property should be free of liens and encumbrances and properly documented.

Careful consideration should be given to maintenance, storage and transportation costs. Questionable gifts and those whose estimated value exceeds \$1,000 must be referred to the Gift Acceptance Committee for review before a decision to accept or decline is made. University units outside the Foundation (college, department, archives, library, etc.) may accept a gift-in-kind if it's estimated value is less than \$1,000 by completing and submitting the *SCSU Pre-Acceptance Gift-In-Kind Checklist* to the Foundation when the donor offers

the gift.

The accepting unit must also complete and submit the *SCSU Post-Acceptance Gift-in-Kind Form* and supporting documentation after the item is received, so that the Foundation may record the gift-in-kind accordingly. Supporting documentation for gifts valued under \$5,000 may include an itemized inventory list, vendor/donor documentation or an invoice letter which states an “at price” of the donated item(s), published value through a catalog, etc., or determined by a qualified faculty/staff expert (with no conflict of interest). The post-acceptance form should include only the items kept for use by the accepting unit, and should exclude any item that the unit has declined or plans to dispose of.

Typically, acceptance of a gift-in-kind should not involve significant additional expense in its present and/or future use, display, maintenance, or administration. If such expenses are involved, identification of the items and hard dollar costs associated with carrying the gift must include the source of funding and the projected timeframe for carrying the gift. Subsequently, non-recurring obligations and the university personnel responsible for the fulfillment of such obligations must be identified. Any academic unit benefiting from a gift-in-kind must agree in writing to fund carrying costs or absorb the costs, whether or not the donor agrees to pay.

## **B. Gift-In-Kind - Appraisals**

If a gift-in-kind of used property is valued at \$5,000 or more, and the donor desires acknowledgment of receipt for tax purposes, the donor is responsible for providing a complete copy of a qualified, independent gift appraisal, which must accompany the *SCSU Post-Acceptance Gift-in-Kind Form* submitted by the accepting unit benefiting from the gift-in-kind. Neither the donor nor the gift recipient can serve as qualified appraisers with respect to the gift-in-kind being donated. Legal and ethical requirements designed to protect both the donor and the Foundation prohibits the Foundation from appraising most gifts. With the approval of the Vice President of University Advancement, the Foundation may pay the cost of an outside appraisal. The Foundation reserves the right to conduct appraisals for internal accounting and other purposes.

For gifts-in-kind of new property (i.e. software, equipment directly from manufacturer), an independent appraisal is not needed. In these instances, evidence must be provided that the item is valued appropriately based on open market pricing. Depending on the appraised value of the donated item, IRS Form 8283 will be completed by the Foundation. If the donor does not supply a value, someone in the receiving department who has knowledge of the general type of item should provide a value for internal purposes only. Internal values of donated items are not to be shared with donors and may not be used to provide tax documentation valuations.

## **C. Specific Types of Gifts-In-Kind**

### **i. Gift-in-Kind of Art and Cultural Property**

Offers of art and cultural property to the Foundation shall be referred to the university’s dean of the College of Liberal Arts, to be evaluated for acceptance by the dean, the art collection’s curator and/or accessions committee as detailed in the

university's Art Collection Acquisition and Disposition Policy for Gifts of Art. Objects of art accepted will be processed by the terms of this gift-in-kind acceptance policy.

ii. Gift-in-Kind of Equipment and Intellectual Property

The Foundation may receive gifts of equipment and intellectual property. Only unilateral transfers of equipment or intellectual property will be considered gifts. The fair market value at the moment the gift is made determines the gift value. Fair market value will be affected by any discounts the university would receive if the university should purchase the equipment or intellectual property outright (either from the donor or a similar vendor). The donor shall provide a list and description of the item(s) to be donated as well as its/their value and any appropriate background information or identification of educational discount. Depreciation related to gifts of equipment may not be counted as part of the gift. In addition, the Foundation will make every effort to ensure that the gift of equipment or intellectual property is not an exchange transaction in which the donor receives goods or services in return. Criteria to be considered for acceptance of the gift may include, if applicable, necessity for technical development of the gift, solicitation of research support, integration of the gift in university processes, costs of additional development, additional equipment needs, and facility requirements and/or renovations. All additional costs associated with acceptance of the gift and university personnel responsible for fulfillment of any additional obligations must be identified.

**D. Items NOT Considered Charitable Contributions**

Per CASE guidelines and IRS regulations, the following types of in-kind contributions are not considered charitable contributions:

- i. Contributed Services  
A person's or organization's time and/or service is not considered a charitable contribution and is not countable, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service (examples include, but are not limited to: construction services, accounting, consulting, printing, web development, advertising space, etc.). In these situations (if the donor wishes to make a charitable contribution and receive tax credit), CASE suggests that the donor bill the institution and turn around and make a cash donation of the same value. However, in certain circumstances, the Foundation may recognize contributed service(s) through an acknowledgement letter, but without the inclusion of tax credit language.
- ii. Use of real property
- iii. Category discounts on purchases
- iv. Costs of appraisals
- v. Shipping costs
- vi. Sales tax
- vii. Items for auction – Auction items potentially valued at \$2,500 or more may be counted as a gift-in-kind to the university. These items are subject to the same appraisal procedures noted in the aforementioned section.

## **7. Deferred Gifts**

The Foundation will coordinate the receipt of all deferred gifts. Deferred gifts include bequests made through wills or living trusts, retirement plan designations, life income plans, charitable lead trusts, and retained life estates. Donors of life income giving arrangements may designate the remainder value of their gift to any approved program within the university, provided it is not too restrictive in purpose or inconsistent with its stated academic purposes and priorities. Remainder gifts that will be used to establish named endowments or future naming opportunities must meet the prevailing minima as further discussed in this policy. The Foundation will not convey naming rights for a facility or program based on a revocable deferred gift commitment, (see “Naming/Recognition Opportunities.”)

The Foundation will engage legal expertise as necessary in order to process all legal documents associated with deferred gifts, and prior approval by the GAC is required before any legal document may be executed by an authorized Foundation officer.

The Foundation will receive charitable bequests and retirement plan designations, and will generally abide by any restrictions or designations indicated in appropriate documents assuming such restrictions and designations are applicable to current programs within the university and do not violate University or Foundation policy.

If an unrestricted or undesignated bequest or retirement plan distribution is received for the general purposes of the Foundation, such funds shall be deposited into the Foundation’s unrestricted account and shall be subject to the Foundation policy regarding unrestricted funds.

## **8. Charitable Remainder Trusts**

The Foundation will accept and administer contributions to a charitable remainder trust (CRT) in accordance with applicable federal law, IRS regulations and the laws and regulations of the State of Minnesota. The minimum initial gift to fund the CRT shall be cash, real estate, or marketable securities with a value of at least \$150,000. Additionally, the Foundation will administer its charitable remainder trusts based on the following:

### **9. Unitrusts**

The minimum age recommended to establish a Unitrust is 60 years of age. The basic form of Unitrust provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout allowed is 5% annually. The maximum percentage shall be determined by the Foundation administration based on recommendations by the planned giving staff. The maximum percentage shall be based on several factors, including the age of the donor(s), number of lives, amount of gift, rate of return on U.S. Treasury bonds at the time and other considerations. Also, the value of the charitable remainder must be at least 10% of the net fair market value of the property transferred to the trust on the date of the transfer.

If the Foundation is to serve as trustee, the Foundation must be at least a 51% irrevocable

remainder beneficiary of the trust. In these instances the Foundation may share administrative expenses on a pro-rata basis with the other named beneficiaries.

Trusts may be funded with cash, stock, real estate, tangible personal property or a combination of these assets.

Payments may be set for life or a trust term not to exceed 20 years. Income payments are based on a fixed percentage of the annual market value of trust assets and will vary in amount as the value of the assets change. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation. The only fees that will be charged to a trust are those charged by external sources. If the Foundation is to serve as trustee for a charitable remainder trust funded with real property, all Foundation policies for acceptance of real estate must be followed. The trust assets are invested according to policies established by the Foundation's Investment Committee.

#### **10. Charitable Gift Annuity (CGA):**

A CGA is a contract between a donor and the Foundation, under which the Foundation promises to pay up to two (2) annuitants a fixed amount of income for life, in exchange for the donor's contribution of cash or securities to the Foundation. Donors who wish to establish a standard payment CGA with the Foundation must be at least 60 years old. Donors who wish to establish a deferred payment CGA can be any age; however, payments cannot begin until the annuitant reaches age 60 and the payout, to conform to the law, will be set at a rate that produces a residual gift equal to at least 10% of the original gift value. The minimum amount required to establish a CGA is \$15,000.

- a. Exceptions to these requirements must be approved by the GAC.
- b. If the asset used to fund the CGA is something other than cash or publicly traded securities, approval will be required by GAC.
- c. The SCSU Foundation follows the payout rates recommended by the American Council on Gift Annuities within the context of the law of the State of Minnesota.
- d. The documentation requirements for a CGA are the original contract that is signed upon establishment of the CGA, and addendum designating the ultimate use of the funds, or a Gift Agreement that governs the ultimate designation of the remainder gift if the donor is creating an endowed fund.
- e. The Foundation works with an independent investment services provider for the management and administration of all CGAs.
- f. With a Deferred Payment Gift Annuity (DPGA), the annuitant(s) start(s) receiving payments at a future time, the date chosen by the donor, which must be more than one year after the date of the contribution. As with immediate gift annuities, payments can be made monthly, quarterly, semi-annually or annually.

#### **11. Charitable Lead Trust (CLT):**

A CLT differs from the CRT in that the income payments are made to the Foundation for a term of years, and the remaining principal is then passed on to non-charitable recipients. Payout rates for CLTs are determined by a number of factors, including the term of years during which income will be paid to the Foundation, the applicable federal rate, the age of the donor and the size of the gift. Like the CRT, the CLT can be structured as a Unitrust or

as an Annuity Trust.

- a. A CLT in which the SCSU Foundation acts as a trustee:
  - i. Must make a minimum gift of \$100,000.
  - ii. The Foundation will work with an independent investment services provider for the management and administration of these CLTs.
- b. For a CLT that is not managed by the SCSU Foundation, the Foundation requests a copy of the fully executed CLT document. In cases where the donor is unwilling to submit this information, the donor must complete a Letter of Intent and also provide:
  - i. A trust valuation that is less than one year old;
  - ii. The income payout rate; AND
  - iii. The payout term for the CLT (e.g. 5, 10 or 15 years or longer).
- c. The documentation requirements for CLTs are met when the donor signs the legal document that establishes the trust itself, and a Gift Agreement that governs the designation of the annual gift payments.

## **12. Life Insurance**

A Donor may make a life insurance gift to the Foundation, making the Foundation the owner and the beneficiary of their insurance policy, or by making the Foundation the beneficiary or partial beneficiary of their insurance policy.

### **New Life Insurance Policies – To be owned and managed by the Foundation.**

- i. The policy must make the Foundation the sole owner and beneficiary.
- ii. The face amount (death benefit) of the policy must be a minimum of \$100,000.
- iii. The policy must be a permanent life policy that has been reviewed and approved by the GAC.
- iv. The policy may not have an automatic loan provision attached.
- v. Dividends must be used to buy Paid Up additions to increase the value of the gift.
- vi. If any interest accrues on the policy it will also be applied toward the premium or to increase the value of the policy.
- vii. Standard & Poor's or Moody's at the time the insurance policy is donated to the Foundation. A completed life insurance application and illustration, along with a short history of the insurance company and its ratings, must be submitted to the Foundation for review prior to issuance. All donors should make premium payments through the Foundation who will then make payments to the insurance company, although the donor may elect to make premium payments directly to the insurance company. Premium payments made by the donor through the Foundation will be recorded as outright gifts on the donor's record, while the face amount of the policy will be recorded as a revocable bequest.
- viii. The original policy with its illustrations, accompanied by a Letter of Intent or a Gift Agreement that will govern the ultimate designation of the proceeds must be submitted.
- ix. Payment of a minimum of 2 years' premiums must be made at the time of ownership transfer.
- x. The policy will be projected as paid-up using current interest rate assumptions, when dividends are sufficient to pay the policy premium.

- xii. It is understood that the Foundation shall not be responsible for making premium payments in the event that a donor ceases to complete the payment schedule of the policy.
- xiii. If the donor does not make the annual gifts to make the premium payments causing the policy to lapse, then the Foundation shall have the right to alter or surrender the policy. If the policy is, in fact, reduced or surrendered, the gift record shall be reduced or written off accordingly.

### **Existing Life Insurance Policies.**

Existing policies may be gifted to the Foundation after review and approval.

- i. For gifts of existing policies, the donor (or owner) must relinquish all ownership and document that the Foundation is the sole owner and beneficiary of the policy.
- ii. There can be no outstanding loans on the policy.
- iii. The policy must be a permanent life policy.
- iv. Donor must provide a copy of the policy, including the current declaration page. The declaration page will show cash value, any outstanding loans, dividends and face value.
- v. The cash surrender value will be recorded as an outright gift, while the net face amount will be recorded as a revocable bequest.

### **Insurance Beneficiary Designation**

The following requirements must be met for acceptance:

- i. A Change of Beneficiary Form indicating the Foundation as beneficiary OR
- ii. Verification from the insurance company that they have accepted the change in Beneficiary and
- iii. A current declaration page of the policy indicating the type and face value of the policy.
- iv. The policy being gifted must be a permanent life product.
- v. Documentation should include the use of a Letter of Intent with gift designation and information that will govern the ultimate designation of the proceeds. A gift agreement will be required if the donor wishes to create an endowed fund.

### **Term Life Insurance Policies**

Term Life insurance policies are not accepted as gifts. Some donors may make the Foundation a beneficiary of their Term Life Insurance policy. In that case, the Foundation may recognize that gift with the donor's inclusion in the Foundation's Heritage society as long as the policy remains in force. However, the gift will be counted as \$0.

### **Contingent Beneficiary**

Whether in estate documents, life insurance, retirement accounts, or other accounts and instruments requiring beneficiaries, some donors have a need or desire to make the Foundation a contingent, or secondary beneficiary. Such gifts may be accepted with the same documentation requirements as a primary beneficiary. Such gifts will be counted as \$0.



### **13. Remainder Interest in Real Property**

The Foundation will promote and accept gifts of retained life estates in real property if the donor and the Foundation agree in writing to the terms of the retained life estate. Such agreements shall include the allocation of expenses among and between the donor and the Foundation. Gifts of a remainder interest will be credited to the donor in the year the transfer of ownership is completed from the donor to the Foundation at the charitable remainder value of the contributed real estate. Gifts of retained life estates in real property shall be subject to the same restrictions as other real estate gifts as described in this policy.

### **14. Retirement Accounts (Retirement Plan, Commercial Annuity, and Payable on Death Beneficiary Designations):**

When donors have made the Foundation a primary beneficiary of an existing retirement plan, commercial annuity, or non-qualified investment account, the following written confirmation of the beneficiary designation is required to document the gift:

- a. A copy of the beneficiary statement or change of beneficiary form specifying the Foundation as a primary beneficiary and a gift agreement directing the gift; OR
- b. A fully executed Letter of Intent; OR
- c. A letter from the donor's attorney/advisor that explains the nature of the commitment, current ages of the donor(s) and how the gift will be used and written evidence of the value of the account or the portion of the account that is designated for SCSU Foundation.

A gift agreement will be required if the donor wishes to create an endowed fund. If the donor wishes to add to an existing fund, the letter of intent for deferred gifts will suffice.

These designations are treated as revocable commitments for recognition purposes.

### **15. Donor-Advised and Donor-Directed Funds**

Donors making gifts to the SCSU Foundation through donor-advised funds or charitable checking accounts are bound by the restrictions associated with these types of accounts. Receipts are not generated for gifts from donor advised funds or charitable checking accounts; however, acknowledgments are completed as requested by the organizations or charities administering the accounts.

The donation cannot be applied to an individual's pledge per IRS code section 4967. In the case of donor directed funds, the donor places funds in a charitable organization, such as a family foundation, and retains the right to determine what the organization will do with the gift assets. The family foundation receives legal credit for the donation with the donor receiving soft credit. Gifts can be applied to pledges, and matching gift companies will usually match the gift.

### **16. Royalties**

Royalties are payments made for the use of copyrighted material or for the use of an invention and they may be made payable to the individual who owns the copyright.

- a. If the royalty is made payable to the individual who owns the copyright, the check can be endorsed over to the SCSU Foundation.
  - i. The payment will be recorded as gift income.
  - ii. A gift receipt will be issued to the person who earned the royalty.
- b. If the royalty is made payable to the Foundation the check will be recorded as non-gift income and no gift receipt will be issued in either of the following cases.
  - i. The rights to the property that has generated the royalty have been assigned to SCSU or the SCSU Foundation.
  - ii. Royalties that are generated from work made for hire. Work made for hire includes "a work prepared by an employee or group of employees within the scope of his or her employment".
  - iii. If the royalty is made payable to the Foundation, the Foundation will only issue gift credit to the faculty or staff member if the Foundation receives proof from the third party that they will be issuing a 1099 Miscellaneous Income Form to the person who earned the royalty.

### **17. Alternative Assets – (with GAC Approval)**

Alternative Assets may be accepted with approval by the GAC. Gifts involving patents, copyrights, trademarks and royalties must be approved by the GAC. Donations of Frequent Flyer Miles will not be accepted.

### **Administrative Expenses**

The Foundation will not pay commissions or finder's fees as consideration for directing a gift to the Foundation.

Donors are responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to the Foundation and for any fees or other expenses related to such appraisals.

The Foundation retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

The Foundation will acknowledge receipt of gifts of tangible personal or real personal property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgement does not entail valuing the gift.

### **Stewardship**

The Foundation will be responsible for good stewardship toward its donors by following these guidelines:

- a. All gifts will be acknowledged and receipted within the required, or otherwise reasonable period of time.

- b. All gift acknowledgement communications or receipt letters will be prepared by the executive director or his or her designee.
- c. Gifts to the Foundation shall be reported in a manner consistent with industry best-practices and recommendations by financial auditors.
- d. Files, records, and mailing lists regarding all donors are maintained and controlled by the Foundation. Maximum use will be made of information and contacts that board members, various volunteer groups, or the staff have with donors. Written reports of interactions will be maintained in the donor's file. Currently, this is the Raiser's Edge database.
- e. This information is confidential and is strictly for the use of the Foundation board and staff. Use of this information shall be restricted to the Foundation purposes only. The donor has the right to review their donation history.
- f. The Foundation will provide the donors of named annual or endowed scholarships with appropriate information about the recipients and financial balances of their fund.
- g. Should the gift be for a restricted, non-scholarship purpose, the Foundation will provide the donor with a narrative and financial report detailing the activities made possible by their support. This report will be submitted to the donor annually or after the completion of the underwritten activities whenever possible. A specific reporting schedule may be established with the donor, which the Foundation shall adhere to.
- h. Gifts to the Foundation and accompanying correspondence will be considered confidential information, with the exception of the publication of donor recognition societies, and/or annual listings. All donor requests for confidentiality will be honored.
- i. Names of donors will not be provided by the Foundation to other organizations, nor will any lists be sold, given or traded with other organizations. The only exception to this is the donor listing in the annual report. A donor may be listed as anonymous in an annual report upon request.

### **Professional Advice**

Donors or prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No Foundation representative shall provide legal or tax advice to any donor or prospective donor.

Upon request, Foundation representatives may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. The Foundation may also provide upon request, IRS-approved prototype trust agreements for review and consideration by the donor and their advisors. The sample nature of such language or agreements shall be clearly stated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or specimen agreements.

### **Confidentiality**

All information about donors or prospective donors, including but not limited to their names,

the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept confidential by the Foundation and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that the Foundation is required by law to disclose the identity of donors.

### **Terminating a Donor Relationship**

The Foundation Board has the authority to end a relationship with donors. The Foundation Board may also remove visible donor recognition such as the donor wall or website listings. Based on advice from accounting professionals and other stakeholders, the Foundation Board will also make decisions about the donation itself.

### **Authority**

The executive director or their designee is authorized to enter into planned gift agreements on behalf of the Foundation and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exception to this gift acceptance policy may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the executive director.

This gift acceptance policy may be amended by the board of trustees.