Concordia University Irvine, California

Gift Acceptance Policy

May 3, 2019

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A. Introduction

The following gift acceptance policies have been developed for the purpose of providing:

1. Complete and accurate recording of gifts and pledges.
2. Compliance with IRS regulations and acceptable business practices
3. Guidance for persons involved in gift solicitation, recording, and management for Concordia University Irvine, California

The purpose of these policies is to ensure that gifts:

1. Are appropriate to the mission and needs of the university
2. Impose no undue financial burdens on the university
3. If restricted, are written reasonably broad and flexible to maximize their usefulness to the university
4. If restricted, language is included that permits the university to apply the gift to a related purpose, in the event that the designated purpose is no longer practical, necessary, or able to be performed.

This gift acceptance policy is to give guidance to the Concordia University Foundation and Concordia University Irvine staff concerned with the planning, promotion, solicitation, acceptance, and disposition of charitable gifts. It defines the practices and policies that apply to all gifts accepted by the Foundation or University for any of its departments, programs or services. Charitable gifts are to be accepted according to the individual gift policies as set forth herein.

While individual gift acceptance policies are detailed and specific to the type of charitable gift, they will be interpreted in light of two overriding principles:

Principle 1:

A gift will not be accepted by the Foundation or University if such acceptance would not be in the interest of the donor. A determination of the donor's interest will include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or legal matters revealed while planning for a gift. The Foundation or University will not encourage any gifts that are inappropriate in light of the donor's known personal or financial situation.

Principle 2:

A gift will not be accepted by the Foundation or University unless there is a reasonable expectation that acceptance of the gift will ultimately benefit the Foundation or University.

Donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial, and estate planning goals, and are urged to seek the advice of their legal counsel. Foundation or University staff does not offer legal, accounting, tax, or financial advice to donors or prospective donors.

B. Concordia University Irvine Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in Concordia University Irvine, we declare that all donors have these rights:

1. To be informed of the Concordia University Irvine mission, of the way Concordia University Irvine intends to use donated resources, and of its capacity to use donations effectively for their intended purposes
2. To be informed of the identity of those serving on the Concordia University Irvine governing boards, and to expect the boards to exercise prudent judgment in its stewardship responsibilities
3. To have access to Concordia University Irvine's most recent annual report
4. To be assured their gifts will be used for the purposes for which they were given
5. To receive appropriate and timely acknowledgement and recognition
6. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law
7. To expect that all relationships with individuals representing the university be professional in nature
8. To be informed whether those seeking donations are volunteers, employees of the university or hired solicitors
9. To have the opportunity for their names to be deleted from mailing and/or calling lists
10. To be confident that their personal information is not sold or shared with any non-affiliated persons or entities.
11. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers

C. Gift Acceptance Policy Guidelines

- All gifts/donations to Concordia University Irvine, no matter what type (i.e.: Cash, Stocks, Estates and Gift in Kind, etc.) are to be brought to the Office of University Advancement for processing.

- No general or specific solicitation of funds may be undertaken by any area of the university without prior approval from the Executive Director of the Foundation &/or the Board of Trustees or designee. This includes departments, teams, student clubs and/or organizations.

- All grant applications should follow approved grant procedures and policies guidelines, as set by the Office of the Provost in consultation with the Executive Vice President of University Advancement.

- No fundraising consultants, individuals, or firms will be hired to work on behalf of Concordia University Irvine without prior approval from the Executive Director of the Foundation &/or the Board of Trustees or designee.

- Gifts to Concordia University Irvine are confidential. Information regarding donor gift histories, lists of donors, and all related materials are only released by authorization of Executive Director of the Foundation &/or the Board of Trustees or designee. Donors always have the ability to remove their name(s) from Honor Roll and similar listings.

I. GENERAL GUIDELINES FOR PROCESSING OF GIFTS AND DONATIONS

The Office of Advancement Services receives all gifts/donations made to Concordia University Irvine and the Concordia University Foundation. Upon receipt, all donations made by cash, check or credit card are sent to gift processing in Advancement Services. Once received, the date, amount, terms, restrictions, and conditions of the gift are recorded. Advancement Services issues the official receipt and acknowledgement for the gift to the donor(s) in a timely manner. Advancement Services turns over all monies received to the Controller's office for deposit. Pledges will be recorded in the Advancement Services where they will maintain a pledge payment reminder system.

Outright gifts to the University/Foundation shall be included on the Income Report only when assets are actually and irrevocably transferred to the institution. (References to the "University" shall, unless clarified in context, also be generally understood to me "University and/or Foundation.") Deferred gifts shall be reported only when the assets are actually and irrevocably transferred to the institution by trust, irrevocable trust or other type of gift instrument. Documented provisions in wills or other revocable instruments shall be acknowledged and reported separately but not treated as charitable gifts to the University until funds are actually received. The CFO may, however, determine if such provisions can and shall be recorded or accrued by the University and/or Foundation.

II. GUIDELINES FOR THE ACCEPTANCE OF GIFTS AND GRANTS

The guidelines for negotiating and accepting gifts set forth in this policy must be strictly followed. This includes, when required by these guidelines, referring certain gifts for review and approval to the Board of Trustees.

The type of information required by the University to make an informed decision regarding the acceptance of a gift will vary depending upon the nature and complexity of the gift. Indeed, special attention needs to be given when dealing with endowment agreements, trust agreements, restricted gift agreements or deferred gift agreements. If there is a question with regard to whether a gift is acceptable, the individual(s) involved with negotiating the gift should refer the matter to Board of Trustees or designee before having further discussions with the donor.

III. GIFT DEFINITION

Under IRS Guidelines, **a gift** is defined as a voluntary transfer of assets from a person, organization, foundation or corporation to the University where no goods or services are expected, implied, or forthcoming to the donor. Gifts can be given in the form of cash, securities, real property or personal property.

The following criteria generally identify a gift:

a. A gift is motivated by charitable intent.
b. Gifts are irrevocable transfers of assets.
c. The University is not obliged to return unexpended funds. (If, for some reason, the University is unable to comply with the donor's intent, or if the gift has been misdirected by the University, the gift should be reviewed by the Executive Director of the Foundation in consultation with the CFO.)
d. Gifts cannot be subject to an exchange of consideration or other contractual duties between the University and the donor, except in the case of certain deferred gifts as set forth in these guidelines.
e. A period of performance is not specified.
f. Formal financial accounting to the donor is not required as it would be, for example, with a research grant.

A gift is complete when the above criteria is met and, when necessary, approved by Executive Director of the Foundation &/or the Board of Trustees or designee.

IV. RESTRICTED GIFTS

A gift may be either unrestricted or restricted to a general purpose or area of use that contributes to the benefit of the University or one of its components. Any restriction(s) placed on the use of the funds contributed to the University may be deemed illegal, unreasonable or unable to be fulfilled due to specific circumstances including, but not limited to:

1. the termination of a University program;
2. a surplus of funds available from other sources to fulfill the designated purpose;
3. the insufficiency of the restricted funds to fulfill the designated purpose where no funds from other sources are available to supplement the restricted funds;
4. the designated purpose is no longer consistent with the mission of the University and its individual programs;
5. the designated purpose does not comply with local, state or federal laws;
6. Inability to identify a student recipient(s) within a reasonable time period.

If the donor(s) is available, one of the development officers or a designated representative shall consult with the donor to restructure the gift. If the donor(s) is not available, Advancement Services will then consult with the University General Counsel to determine whether there is a need to seek approval of a court with jurisdiction to remove or modify such restriction(s).

V. GIFT ACCEPTANCE CONDITIONS

The University will accept only gifts and grants that are consistent with the mission and educational values of the University. The University will not accept any gift that, in the discretion of the Executive Director and/or the Board of Trustees:

1. violates federal, state or local statute or ordinance;
2. creates a fund to provide for scholarships, fellowships, professorships or lecture series with restrictive clauses that could cause embarrassment to the University, or that reserve to the donor or his/her representative the right to designate the recipient;
3. contains a condition that requires any action on the part of the University that is in violation of University policy;
4. commits the University to name a building, facility, institute, center, or an endowment fund where the gift is potentially revocable in any way;
5. requires the University and its administration to employ a specified person at a future date;
6. contains unreasonable conditions (i.e. a lien or other encumbrance) on gifts of partial interests and property;
7. requires tuition payments for a family member of the donor or directs the tuition payment to any designated person;
8. exposes the University to litigation or other liabilities;
9. requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made;
10. generates unrelated business income tax; or
11. appears to be financially unsound.

VI. TYPES OF ACCEPTABLE GIFTS

Types of acceptable gifts can be one of two types: outright or deferred. The most common gifts to the University/Foundation are outright gifts. Outright gifts come in many forms and in addition to cash gifts (cash, checks or credit card gifts) the University also accepts gifts of securities, real property, and personal property.

Deferred gifts, also referred to as planned gifts, are usually arranged with the University/Foundation during the donor's lifetime, but the benefits to the University/Foundation do not accrue until a later date, usually after the death of the donor and/or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming the University/Foundation as the beneficiary of a life insurance policy, retirement plan assets, a charitable gift annuity and a life income agreement. The University/Foundation may accept the following types of gifts, subject to the guidelines and policies set forth in this document and the established policies to be followed in the solicitation and acceptance of gifts and grants to the University/Foundation.

A. <u>Outright Gifts</u>

1. <u>Cash and Checks</u>

Cash, checks, and payments by credit/debit card that meet the definition of a gift shall be accepted regardless of the amount. Checks shall be made payable to Concordia University. The credited amount of any cash, check or credit/debit card gift is its face value.

2. <u>Publicly-Traded Securities</u>

Publicly-traded securities include:

a. any securities that are traded on the New York, American, or NASDAQ stock exchanges, as well as any other major U.S. and foreign exchanges;
b. corporate bonds; or
c. Government issues and agency securities.

Publicly-traded securities that meet the definition of a gift may be accepted by the University except as provided in Subsection 4 below.

The University shall sell any gifts of securities that have been legally transferred to the University as quickly as possible. The credited amount shall be the average of the high and low quoted selling price on the date the donor transfers the security to the University.

3. <u>Closely Held Securities</u>

Gifts of closely held or non-publicly traded securities, sole proprietorships, general or limited partnership interests, S-Corporation securities, interests in real estate investment trusts ("REITs") and limited liability company interests may be accepted only with approval of the Board of Trustees. The Board of Trustees will consider the marketability of closely held securities before accepting any such gift. It is the intention of the University to sell all securities as soon as possible after the stock transfer is received from the donor. If it appears that a gift of closely held securities will take longer than eighteen months to sell, the Board of Trustees has the authority to decline the gift.

If the value of the gift is estimated to be $5,000 or more, the donor must provide an appraisal report prepared by a qualified appraiser, in accordance with the Internal Revenue Code.

4. Restricted Securities

Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. Prior to acceptance, the Board of Trustees or designee should be notified of a donor's intent to give a gift of a restricted security so that they may perform an evaluation of the purpose and review the extent of the restrictions placed on the stock.

If restricted securities are being considered as a gift to the University, IRS Publication 561 should be consulted when trying to determine the value of the securities. If the value of the gift is estimated to be $5,000 or more, the donor must provide an appraisal report prepared by a qualified appraiser, in accordance with the Internal Revenue Code.

5. Mutual Fund Shares

Mutual fund shares may be accepted by the University. The fair market value of mutual fund shares is determined by the net asset value of the shares on the valuation date of the gift. If such a price is not readily available, then the value shall be determined as if the shares were untraded securities as stated in IRS Publication 561.

6. Gifts of Real Property

The University may accept gifts of real property, both improved and unimproved, only after review and approval by the Board of Trustees and in consultation with the University's General Counsel.

The Board of Trustees may in its discretion require the following items in order to review any gift of real property:

1. a preliminary title report clear of unacceptable encumbrances, performed by a reputable title insurance company;
2. MAI appraisal by a qualified appraiser;
3. a phase one environmental audit indicating that ownership will not expose the University to environmental liabilities. (The Board of Trustees may waive the phase one requirement for non-farm residential properties.);
4. a market feasibility study for purposes of liquidation;
5. an on-site evaluation by the University's Major Gifts Officer or a qualified representative of the University;
6. evidence of compliance with ADA (when applicable);
7. a structural engineering report (when applicable);
8. a review of leases (for commercial properties);
9. a disclosure statement for residential properties (when applicable)
10. under Treasury regulations, a donor must pay for any initial appraisal made on the property

Unless waived by the Board of Trustees, it is the responsibility of the donor to pay all costs associated with an environmental impact study, title search and any other related studies or costs incurred during the sale of the real property. Also, special attention shall be given to the receipt of real estate encumbered by a mortgage. The University's ownership of such property may give rise to unrelated business income tax and disqualification of certain split interest gifts unless handled in an appropriate manner.

7. Gifts of Real Property with Retained Life Estates or Other Restrictions

The University may accept either a gift of real property with a retained life estate or subject to other interest(s) for a specified term or with other limitations as to timing of the interest, use, or sale restrictions subject to review and approval by the Board of Trustees.

A gift of real property with a retained life estate involves the transfer of the title of a personal residence, farm or timberland to the University whereby the donor or other designated person retains use of the property for a specified term or the life/lives of the donor and/or the designee.

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real property as set forth in “Section 6, Gifts of Real Property” (above). The University shall encourage donors to consult independent tax and/or legal counsel prior to making any gift of this type. Any agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance, utilities, maintenance/repairs and other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Donor(s) shall not violate or allow the violation of any environmental laws/ordinances covering this property.

8. Tangible Personal Property

The University will consider gifts of tangible personal property, including but not limited to, works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, only after a review indicates that the property is readily marketable and free of encumbrances. The actual use of a gift of tangible personal property will determine whether the University accepts the gift.

Gifts of tangible personal property that are to be used by the University should be donated directly to the University. Authority to accept gifts of tangible personal property estimated at less than $5,000 has been delegated to the Board of Trustees and/or their appointed designee. Gifts of tangible personal property valued at more than $5,000 must be reviewed and approved by the Board of Trustees, or designee.

Gifts of personal property subject to the requirement of ownership in perpetuity shall not be accepted without prior approval of the Board of Trustees. Perishable property or property that would require special facilities or security in order for it to be properly safeguarded shall not be accepted without prior approval of the Board of Trustees. For tangible personal property with an estimated fair market value of less than $5,000, the donor must furnish the University with the following information in writing:

1. Donor's name, address, and telephone number;
2. Contact person if the donor is a corporation;
3. Donor's social security number or federal tax identification number;
4. Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value;
5. UCC1 lien search in the state where the asset is located and if different, the state(s) where the donor resides or conducts business which involves the asset.
6. Date of gift
7. and if applicable to the donor, a completed Form 8283

Prior to the donation of personal property with an estimated fair market value greater than $5,000, the donor must furnish the University with an independent appraisal from a qualified appraiser for the asset to be donated, in addition to the items listed above.

9. Bargain Sale

The University, upon review and approval of the Board of Trustees and University General Counsel, may purchase real estate, securities, or other property on a bargain sale basis.

The purchase price for the property is subject to prior approval of the Board of Trustees. The bargain sale price may be paid either in a lump sum or in installments. If the property being sold is real property, the guidelines for the acceptance of a gift of real property shall apply.

10. IRA Rollover Gifts

If the IRS allows donors to instruct their IRA plan administrator to direct contributions from their funds to qualified not-for-profits and charities including universities, then the IRA Rollover gifts may be accepted by the University. Potential IRA Rollover donors must meet the requirements as set forth in the IRS provisions currently in place

This qualified distribution is excluded from the donor's adjusted gross income and can also qualify to meet the minimum required distribution requirements for the year (usually a 5% withdrawal minimum).

*This provision was set to expire on December 31, 2013, unless the IRS decides to extend the provision retroactively or to make this new giving vehicle permanent by law.

11. Other Personal Property

Other personal property of any description, including mortgages, notes, copyrights, royalties, partnership interests, closely held business interests, undivided interests in property, future and partial interests and other non-liquid financial assets may be accepted only upon prior review and approval of the Board of Trustees or designee.

When a proposed gift is submitted for approval to the Board of Trustees or designee, the development officer is required to prepare a written summary of the gift proposal. At a minimum, the summary shall include the following information:

1. a description of the asset;
2. the purpose of the gift (e.g., an unrestricted gift, a gift to fund an endowment or a deferred gift) and the department(s) or endowment(s) to benefit from the gift);
3. an estimate or appraisal of the asset's fair market value and marketability;
4. potential for income and expenses, encumbrances, and carrying costs prior to disposition;
5. any environmental risks or problems revealed by audit or survey;
6. credit history or financial statement of financially responsible party, if applicable;
7. a list of any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, realtors or brokers with whom the donor would like the University to list the property, etc.); and
8. any additional information that may be helpful to the Gift Counselors.

The Board of Trustees will review the material presented by the development officer and either accept or reject the proposed gift (or, if necessary, postpone a decision pending the receipt of additional information).

B. Bequests, beneficiary designations and life insurance

The University may accept gifts from the estates of donors through bequests, beneficiary designations and life insurance. These types of gifts are generally referred to as estate, planned or deferred gifts. These types of gifts, however, require no further action from the University and can be created by the donor while he/she is still living. In some cases, gifts of life insurance do require University action or decisions before being accepted. The restrictions on such gifts are outlined below.

1. Bequests

Direct, unencumbered bequests can be accepted by the University if the underlying assets conform to the guidelines set forth in “Section A. Outright Gifts”. If the underlying assets do not conform to the guidelines set forth in “Section A. Outright Gifts”, the bequest shall be referred to Finance Committee. The University reserves the right to reject gifts from the estates or trusts of deceased donors that are not in keeping with the terms of this policy.

A bequest to the University is made through a donor's will or revocable trust. The donor can designate a specific amount, a percentage, or the remainder of an estate to the University.

Donors should be encouraged to notify the Advancement Services or a development officer when considering a bequest in order to ensure that the assets left to the University meet the criteria set forth in this policy and to ensure that the donor's intent will be carried out.

2. Designating the University as a Beneficiary

The University will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401 (k) plan, a defined contribution (profit sharing) plan or other qualified plans without prior review and approval of the Board of Trustees.

3. Life Insurance Policies

The University may accept gifts of life insurance policies, including whole life, variable and universal life policies, which meet the guidelines specified below.

Gifts of life insurance policies which meet the following three criteria may be accepted after review and approval of the Board of Trustees or designee. If a proposed life insurance policy gift does not meet the criteria listed below it may be accepted after a review by the Board of Trustees and the University General Counsel. The criteria for acceptance are as follows:

1. The policy is paid-up or provisions are made to fund future premiums.
2. The University is designated as the owner and the beneficiary of the policy. (While the policy will identify the University as the beneficiary, the Gift Counselor should work with the donor to clarify the purpose of the gift by attachment of a memorandum, letter, or endowment agreement to the policy.)
3. If intended for endowment purposes, the face value of the policy must meet the minimum funding requirements for the endowment(s) stated purpose(s) which have been established by the University at the time of the gift of the policy.

Gifts of life insurance policies which are not paid in full may be accepted after review and approval of the Board of Trustees. In cases where the policy is new or is not paid in full, the donor(s) must meet the following requirements:

1. The University is designated as the owner and the beneficiary of the policy. (While the policy will identify the University as the beneficiary, the Director of Planned Gifts or the development officer should work with the donor to clarify the purpose of the gift by attachment of a memorandum, letter, or endowment agreement to the policy.)
2. If intended for endowment purposes, the face value of the policy must meet the minimum funding requirements for the endowment(s) stated purpose(s) which have been established by the University at the time of the gift of the policy.
3. The donor must send the regularly scheduled premium payments to the University and these payments must cover in full the premium payments due at the end of each billing cycle.
4. Dividends will not be used to cover premium payments unless approved by the Finance Committee.

In the case the donor(s) stop making their premium payments or their payments do not cover the full amount of the premiums due, the University retains the right to sell the policy for its cash surrender value if the policy holder chooses not to continue paying premiums.

C. <u>Deferred Gifts</u>

Any planned giving agreement that requires execution by the University shall first be reviewed and approved as to form and substance by the Chief Financial Officer to ensure financial feasibility and by the University's General Counsel to ensure the agreement is legally sound. It is recommended that prospective donors who are considering gifts to the University that will take effect upon the death of the donor consult with the Board of Trustees or designee regarding how to properly designate the gift and to discuss any trust or bequest restrictions that the donor may be considering. The following language applies to agreements written by the University, and as much as possible, to agreements written by third party gift agreement administrators (e.g. LCMS Foundation, Lutheran Community Foundation, etc.)

1. <u>Charitable Gift Annuities</u>

Charitable gift annuities shall not be accepted by the University without prior review and approval by the Board of Trustees, or designee.

A charitable gift annuity is a contract between the University and the donor. The University agrees to pay the donor (or other person named by the donor) a lifetime annuity in return for a gift of cash, securities, or other property. The payment may continue for the life of a second individual, such as a spouse. The annual payment is a fixed sum, the amount of which is based on the size of the gift and the number and ages of the beneficiaries. Rates of return under a charitable gift annuity are lower than the rates offered by commercial insurance companies so that a significant residual amount will remain for the University.

The minimum contribution amount for a gift annuity is $10,000. The rates of return payable to annuitants shall not exceed those recommended by the American Council on Gift Annuities as of the date of contribution. Annuity agreements shall be limited to two lives. Generally, the minimum age for the annuitants shall be 60 years of age for immediate annuities and 45 years of age for deferred annuities. Exceptions may be made subject to prior approval by the Board of Trustees. Gift annuities shall be managed by the University, and the University may employ agents and advisors to assist with the administration and investment of gift annuity assets.

2. <u>Charitable Remainder Trusts</u>

The University shall not accept a charitable remainder trust without prior review and approval of the Board of Trustees, or designee. Where the trust is testamentary, that is, one that arises upon the death of the donor, the University reserves the right to disclaim any interest that would be in violation of this gift acceptance guideline.

Any donor who wishes to create a charitable remainder trust must choose between an annuity or unitrust format. No blending of trust types is permitted.

3. Charitable Remainder Annuity Trust (CRAT)

Since the amount of a CRAT is stated as a fixed percentage of the initial net fair market value or a fixed sum, the fixed amount cannot be changed regardless of fluctuations in portfolio value. For this reason, additional contributions are not allowed.

4. Charitable Remainder Unitrust (CRUT)

Unlike an annuity trust, additional contributions may be made to a unitrust.

The University may agree to serve as the trustee of any charitable remainder trusts that meets the requirements set forth below. The initial contribution to the charitable remainder trust shall be at least $100,000, unless the Board of Trustees waives this requirement. If the income interest is for life, the beneficiary (ies) must be at least 45 years of age for a NIMCRUT, NICRUT or FLIPCRUT, and 60 years of age for a standard or straight charitable remainder trust, unless the Board of Trustees approves a younger age limit. In situations where payments are to be made for the lives of multiple beneficiaries, there may be no more than two beneficiaries listed. The University will not serve as trustee of a charitable remainder trust interest unless the trust is designed so that its net present value at the time of future distribution to the University is not less than 50% of the initial gift. Calculation of net present value will consider a reasonable return over time, growth of trust assets, allowance for management expenses, and discount (inflation) factor in accord with practices of similar charitable organizations.

Exceptions may be recommended by Board of Trustees on the basis of the assets involved, size of the gift, and the potential for additional gifts or additions to the unitrust.

5. Charitable Lead Trusts

Charitable lead trusts shall not be accepted by the University without prior review and approval of the trust agreement by the Board of Trustees or designee. Where the trust is testamentary or one that arises upon the death of the donor, the University reserves the right to disclaim any interest that would be in violation of this gift acceptance policy.

The University may serve as trustee of a charitable lead trust to which the initial contribution is at least $100,000. A trust may be funded with a smaller amount, subject to prior approval of the Board of Trustees. The trust term may be at the discretion of the donor, subject to the approval of the Board of Trustees.

VII. NON CASH CHARITABLE CONTRIBUTIONS (aka: Gift in Kind)

Tangible property: Tangible personal property is property, other than real property, whose value is derived from its physical existence. Tangible personal property includes, but is not limited to, artwork, antiques, automobiles, boats, books, technology hardware, home furnishings, appliances, office and other equipment and personal items.

Intangible property: Intangible personal property is property, other than real property, whose value stems from intangible elements rather than physical or tangible elements. Examples of intangible personal property include stock, patents, copyrights, licenses and computer software. Stock gifts are part of a separate policy section.

Gifts of tangible or intangible personal property will be considered for acceptance only if needed by the University for use in a manner which is related to the University mission of education, research, public service or after a review indicates that the property is readily marketable.

Personal Property: An offer of a personal property gift to the University may be recommended for acceptance on behalf of the University by deans, directors, curators and other authorized officers. The recommendation of acceptance of personal property with an estimated value less than $5,000 can be made by a Dean, Vice President, Librarian, Curator, or Director by executing a Gift in Kind form. Signing the form indicates the personal property has been received by the area, has no restrictions placed on its use by the donor, is of value to the area, and, will be used by the area to further the mission of the University.

In both of the above cases, the executed Gift in Kind Form and supporting documentation verifying the gift's value should be sent to the Board of Trustees or designee for review, acceptance and recording. The Board of Trustees is authorized to accept gifts of less than $1 million otherwise acceptance must go through the CFO. In cases involving donor- requested restrictions and other unusual circumstances, the Board of Trustees or designee will review and approve the acceptance of the gift. Completion of the acceptance portion of the deed will constitute the University's final acceptance of the personal property gift from the donor.

Valuation refers to the value placed on the property gift for University gift crediting purposes. It should be noted the University's valuation might not be the same value used by the donor for their tax deduction. It is the responsibility of the donor to be able to substantiate to the IRS the gift value used on his/her tax return.

Small gifts of personal property with an apparent worth of less than $250 may be unofficially valued by University personnel with expertise related to the gift. University personnel may provide informal assistance to help the donor value the gift, but the donor is ultimately responsible for determining the actual valuation. University personnel with particular expertise in the personal property may provide informal assistance (including suggesting an appraisal) to the donor in valuing an individual gift or group of gifts with an apparent value of less than $5,000 but, again, the donor is ultimately responsible for determining the actual valuation.

Personal property gifts with a value of $5,000 or more will require an appraisal (performed within IRS time requirements) from a qualified third party appraiser for gift recording valuation purposes. The IRS requires donors to obtain an appraisal to substantiate their charitable tax deduction for gifts valued at $5,000 or more. The cost of the appraisal will be the responsibility of the donor.

In cases where the donor is not claiming a tax deduction and thus isn't required to obtain an appraisal, documentation should be submitted with the deed to support the valuation placed on the gift. Please contact the Board of Trustees or designee in cases involving this special situation.

Gifts involving the payment of expenses for an event must be substantiated by both the event receipts and payment documentation to prove who actually paid for the expenses. The payment documentation is required to ensure the tax receipt is issued properly.

Property received from the manufacturer will be valued at the cost to the University if the University were to purchase the equipment on the open market. In some cases, including the educational discount would be appropriate in determining the valuation to be used.

Advancement Services reserves the right to evaluate the reported valuation for reasonableness before recording and to seek approval from the Board of Trustees or designee in unusual instances.

Property Gift Disposition: The University may sell a gift of property and place the proceeds in a specific fund of the University as requested by the donor or as approved by the Board of Trustees. The CFO must approve exceptions to this policy. If the gift is given with the intent of being sold within two years of receipt, the donor should be advised to discuss the tax implications of this action with their tax advisor prior to making the gift.

The University area responsible for disposing of the gift will receive, in writing, any guidelines that the CFO wishes to impose on disposition. These can include, but are not limited to, minimum sales price and approval or rejection of any special arrangements with the donor.

Until the property is sold or otherwise disposed of, the University area responsible for disposing of the gift will prepare quarterly status reports and distribute them to the CFO and to the area benefiting from the gift. Approval by the CFO is required before an asset may be sold for less than appraised value, estimated fair value or other guidelines. Upon the sale of the property, the University area responsible for disposing of the gift will prepare a final report on the property and document the net proceeds to be received from the sale. This report is to be distributed to the Board of Trustees, and to the area benefiting from the gift. This information will also be filed in the donor's central file.

Advancement Services is responsible for filing IRS Informational Form 8282 for gifts of personal property valued at $5,000 or more sold by the University within two years of the date of gift. The CFO will provide Advancement Services with property auction sale information.

Recognition: In most cases, the valuation amount will be credited to the legal donor of the property. When appropriate, other donors will be given associated credit for purposes of donor recognition.

Restrictions on Gifts of Personal Property: The following restrictions or considerations in connection with personal property will prohibit acceptance by the University:

- Gifts involving significant University expense, either directly or indirectly, for their present or future use, display, maintenance or administration unless with Board of Trustee and/or the CFO approval.
- Gifts where the donor has asked to be indemnified. The University cannot legally bind itself to indemnify the donor from liability arising in the course of the University using the property.
- Gifts of personal property (such as books and paintings) made on the condition that the items will be loaned back to the donor or persons designated by the donor for life or extended periods of time to be determined by the donor.
- Gifts to the University of personal property such as paintings, other works of art, furniture, or collections should not be accepted if made on the condition or expectation that the items will be permanently exhibited, or that the collections will be maintained and shown as such. Any gift offered with such a restriction or condition will be reported to the Board of Trustees for acceptance.

VIII. NAMING OPPORTUNITIES

A naming opportunity is an opportunity for a donor(s) to name either a School/College, facility (such as a building or classroom), center, institute, endowment or other program in honor or memory of someone whom the donor wishes to recognize, in exchange for a gift in an amount established by the University. The gift will be designated based upon the purpose or the guidelines set forth in the structure and language of the agreement. Naming opportunities, including the appropriate gift size, the funding plan and the manner in which the gift will be utilized, must always meet with the approval of the Finance Committee after consultation with the Office of President, and, when required, the Board of Trustees.

The naming of multiple spaces within a single facility must be pre-approved via a written plan. The plan will include the identification of the spaces to be named, the appropriate gift amount to name the space (s), and how the money will be designated and/or utilized once it has been collected.

Deans and/or Directors will prepare naming opportunity plans in consultation with the Executive Director of the Foundation and the Provost. If necessary, the President's prior approval and consent is required for naming opportunity proposals in excess of $100,000.

Contributions qualifying for naming opportunities can be utilized for facility construction or renovation, maintenance, program enhancement and/or operations, scholarships, or research. Contributions may or may not be endowed. How the gift will be utilized must be set forth in a legally binding written agreement between the donor and the University.

Funding Requirements

The funding plan for a named opportunity must be in writing and must meet with the approval of the Board of Trustees, and the Office of the President when required. It may be determined that the naming will be delayed until agreed funding requirements are met.

Outright gifts and written enforceable pledges for up to five years may be used to fully or partially fund a named opportunity at face value. The Executive Director of the Foundation in consultation with the CFO must approve any pledge agreement that provides for any pledged amounts to be received beyond five years, prior to the pledge agreement being executed by the donor.

Testamentary deferred gifts (including gifts by will, trust, retirement plan or life insurance policy) may be used in combination with an outright pledge to fully or partially fund a named opportunity as long as the testamentary portion of the total commitment is no more than 50% of the total gift; is secured by an irrevocable pledge agreement and the present value of the gift meets the agreed upon gift level.

Irrevocable deferred gifts (including gift annuities, pooled income funds, and charitable remainder trusts) may be used to fully or partially fund a named opportunity as long as the present value of the gift meets the agreed gift level.

Currently the University's minimum funding requirements for naming opportunities are as follows:

1. **Endowed Scholarship:** $25,000
2. **Endowed Professorship:** $500,000
3. **Endowed Chair:** $2,000,000
4. **Naming Opportunity for a New Building:** 40% of total construction costs

Funding requirements for spaces within new construction will be approved by the Board of Trustees once building plans are available. Funding requirements for naming opportunities for existing buildings will be determined by the Office of the President. All endowed naming opportunities can be pledged with payment completed within 5 years.

IX. GIFT ACKNOWLEDGEMENT

Advancement Services will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

The University will also disclose appropriate information about the operation of annuities and trust arrangements to donors prior to and at the time of the gift.

X. PROFESSIONAL ADVISORS

A. Donor's Use of Professional Advisers

All prospective donors will be urged to seek their own counsel in matters of estate planning, taxes and planned gifts. It is not appropriate for the University to give legal advice, or provide counsel to the donor since it is the donor and the donor’s counsel alone who must bear responsibility for all decisions made by the donor. Prior to accepting any gift, the University shall advise the prospective donor to seek professional advice from their attorney and/or accountant/tax advisor. This will be of particular importance if the prospective donor intends to make a deferred gift through use of a will, trust, annuity contract, or other instrument. If the prospective donor has not yet established a relationship with a qualified professional adviser, representatives of the University may refer the prospective donor to qualified professionals, however, referrals should be made only to professionals who are listed on the University's qualified referral list, and a copy of the entire list should accompany the referral. The professional receiving the referral will be made aware that he/she is being retained by the prospective donor to represent only the prospective donor's interests and not the interests of the University.

B. University's Use of Legal Counsel

All specimen agreements and legal issues of the University shall be reviewed by the University General Counsel.

XI. APPRAISALS

All appraisals of real and personal property contributed to the University shall be done in accordance with Internal Revenue Code, Section 17 and IRS Publication 561, "Determining the Value of Donated Property." A real property valuation should be prepared by an MAI appraiser. Personal property should be appraised by a qualified appraiser acceptable to the University. Expenses incurred to obtain an appraisal shall be the responsibility of the donor, unless special circumstances exist that make it appropriate for the University to share the cost. Any appraisal cost borne by the University must be approved by the Executive Director of the Foundation and/or the CFO.

XII. FEES

A. Finder's Fees or Commissions

Consistent with the codes of ethics of the Association of Fundraising Professionals and the National Committee on Planned Giving, no finder's fee or commission of any type will be paid by the University to any party in connection with the completion of a gift to the University without prior University approval.

B. Professional Fees

Reasonable costs of gift acquisition, such as transaction costs and professional fees, will normally be borne by the donor. However, there may be occasions when a prospective donor requests that the University pay such costs. The University will verify the reasonableness of the costs and that the cost reimbursement complies with state and federal requirements, including but not limited to tax laws and professional ethics guidelines. If appropriate, the University may agree to pay gift acquisition costs by using funds from its operating budget.

XIII. POLICY AMENDMENT AND REVIEW

These policies will be reviewed annually to ensure that they are reflective of changes in IRS regulations, accounting standards, and/or other issues as needed and appropriate. Separate protocols may apply to specific grants. The gift acceptance policies are the official policies of Concordia University Irvine, California, and the Concordia University Foundation, as approved.