GIFT ACCEPTANCE POLICIES

October 2018

Gift Acceptance Policies and Guidelines

The Corporation of Utica College, a 501(c)(3) organization, encourages the solicitation and acceptance of gifts to the Corporation of Utica College (hereafter referred to as the College) for purposes that will help the College to further and fulfill its mission. It is the Corporation that receives gifts by law. The following policies and guidelines govern acceptance of gifts made to the College.

I. Overview of Policies and Guidelines

These policies are established to govern the acceptance and disposition of all gifts made to Utica College.

Gifts may be sought from individuals, foundations, corporations, federal, state, and local governments for appropriate purposes as approved by the College. Authorized representatives will solicit gifts on behalf of the College. If other individuals or groups wish to solicit funds, they must have their proposed fundraising project approved by the Vice President for Advancement.

The College cannot accept gifts that involve unlawful discrimination based upon race, religion, sex, age, national origin, color, handicap, or any other basis prohibited by federal, state, local laws and regulations. Nor can the College accept gifts that obligate it to violate any other applicable law or regulation, or which violate the bylaws of the Corporation of Utica College.

The College will not accept gifts which are counter to or beyond the scope of its mission.

The College will not accept a gift that results in an individual's private gain from the gift.

The College will not accept a gift that comes from an anonymous source. Known donors who do not wish the College to reveal their identities will be accommodated although, in order to deepen a culture of philanthropy, it is usually better for the College to reveal the identities of donors.

The College follows the Council for the Advancement and Support of Education (CASE) gift accounting guidelines as well as those set forth by the National Association of College and University Business Officers (NACUBO). In addition, the College follows the planned giving recommendations made by the American Council on Gift Annuities and the National Committee on Gift Planning.

These policies will be reviewed at least annually. Revisions may be made and then approved by the Gift Acceptance Committee.

II. The Gift Acceptance Committee

The Gift Acceptance Committee is empowered to receive or reject questionable gifts on behalf of the College. Gifts that may require expenditures of College resources or that may involve the College in responsibilities that are not part of the overall institutional mission will be referred to the Gift Acceptance Committee prior to receipt of the gift.

The Gift Acceptance Committee will consist of the Vice President for Advancement, the Vice President for Financial Affairs, the Vice President for Institutional Planning, the Senior Associate Provost & Dean of Graduate Studies, the Dean of the Library & Learning Commons, the Director of the Barrett Gallery, and/or their designees.

Meetings may be convened and decisions determined through electronic media, phone, or in person.

The Committee will review:

a. all direct gifts, pledges, gifts-in-kind, or planned gifts of any significant amount, which are deemed to be inconsistent with the fundraising priorities of the College, as approved by the Board of Trustees;
b. gifts or pledges and/or donors that may be seen as an endorsement of wrongdoing, undermine the public's trust and confidence in the College, require inefficient or undesirable expenditures of College resources, or involve the College in unexpected responsibilities because of their source, conditions, or purposes;
c. pledges with a fulfillment date in excess of seven years of the date of the pledge agreement;
d. all Charitable Gift Annuities greater than $300,000; and
e. other gifts or pledges brought to the Committee's attention by any standing member of the Gift Acceptance Committee.

III. Use of Legal Counsel

The Gift Acceptance Committee may seek the advice of Vice President for Legal Affairs/General Counsel when determining whether to accept a gift. Circumstances under which legal counsel may be consulted may include but are not limited to the following:

a. the review of certain gifts such as closely held stock or closely held stock subject to buy-sell agreements or other restrictions;
b. the review of transactions governed by contracts or legal documents; (this would include bargain sales, trusts naming the College as trustee, or any document obligating the trustee to take action);
c. the review of transactions with potential conflicts of interest;
d. other circumstances in which the Committee believes that use of counsel is appropriate.

IV. Restrictions on Gifts

The College will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with the College's stated mission, purposes, and priorities. The College will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those:

a. that violate the terms of the bylaws of the Corporation;
b. that are too difficult to administer;
c. that are for purposes outside the mission of the College; or
d. that are for purposes that are not approved institutional priorities.

All final decisions on the acceptance or refusal of a gift shall be made by the President of the College, upon the recommendation of the Gift Acceptance Committee.

V. Acceptance and Recording of Gifts

As it is the responsibility of the Division of Advancement to provide careful, professional, and appropriate recording, receipting, acknowledgement, reporting, and stewardship for each donor's gift, all gifts shall be processed and recorded through the Accounts and Records Administrator. Advancement maintains a complete inventory and record of all gifts and pledges received, recorded in the database (BANNER).

All faculty, administration, and staff should inform Advancement of any gift (including gifts-in-kind) received by them on behalf of the College. In addition to personal acknowledgement letters written by administrators and others, Advancement sends official receipts needed for personal income tax purposes, and must include the following language as required by the Internal Revenue Service:

> "The College provided no goods or services to you in consideration of your gift. A gift of $250 or more cannot be deducted for Federal income tax purposes without this receipt."

Advancement maintains the *Gift Processing Policies Manual*, which provides detailed information on gift and pledge recording, receipting, recognition, and reporting.

VI. The Gift Allocation Committee

The Gift Allocation Committee meets at least once annually at the end of each fiscal year. It may meet more frequently if required. The Committee's purpose is to review and determine purposes for:

a. Large unrestricted bequests (usually of $100,000 or more), and
b. Restricted bequests that require the College to review its priorities and plans especially regarding current vs. future needs of the institution.

Committee members will include the President, the Provost, the Vice President for Financial Affairs, and the Vice President for Advancement. Additional colleagues may be included as required.

VII. Donor Rights

The College will urge prospective donors to seek the assistance of personal legal and financial professionals in matters relating to their gifts and the resulting tax and estate planning consequences. The College will comply with the Model Standards of Practice for the Charitable Gift Planner, as well as the Association of Fundraising Professionals (AFP)'s Donor Bill of Rights, shown in the appendix of this document.

VIII. Donor Stewardship

Donor stewardship fosters and encourages the nurturing and building of lasting relationships between the College and its supporters. This can be accomplished by acknowledging contributions in a timely, accurate, and appropriate manner; recognizing donors in meaningful ways that faithfully follow any stated wishes regarding anonymity and other levels of public disclosure; and reporting to donors in a consistent, timely, and accurate manner on the use, impact, and management of their financial contributions.

The College's Stewardship program is tailored to the nature of the gift and the donor's needs and desires, whether the donor is an individual, family, foundation, or corporation. In each case, we identify stewardship elements that will not only inform donors, but also convey the importance and impact of their contribution to the College in as many dimensions as possible.

While many members of the College community, including faculty, department heads, and staff, play a role in stewardship, the Executive Director of Donor Relations and Stewardship is directly responsible for managing the overall program. For a detailed description of the College's Stewardship policies please consult the relevant office in Advancement.

IX. Gift Purposes

A. Outright Gifts for Current Operations

Outright gifts for current operations are those placed at the immediate disposal of the College and in which the donor retains no interest. They may be either restricted or unrestricted in purpose. Restricted gifts may be used for the following purposes: academic divisions and departments, faculty and staff compensation, research and scholarship, the library, the operation and maintenance of the plant, student financial aid, student co-curricular and extra-curricular activities, and athletics, among other areas.

The vast majority of unrestricted, current gifts are solicited for and counted in the Annual Fund. In general, donors will be encouraged to direct all gifts of up to $25,000 to the Annual Fund.

The College may accept donor-directed gifts to current purposes *other* than the Annual Fund under certain circumstances. In general, the College seeks single-source funding prior to accepting gifts for new current purposes. However, in those cases where single-source funding for a project is not feasible, it is acceptable to have a lead donor who provides at least 50% of the funding. If a donor insists on restricting a gift to incremental support or establishing a new program or initiative that has not been declared an institutional priority, this gift will be reviewed by the Gift Acceptance Committee.

If the Gift Acceptance Committee approves the establishment of a new restricted current fund, the

Executive Director of Donor Relations and Stewardship will create a *New Fund Form* to define the purpose of the fund and its administration to be signed by the donor and the President of the College. The gift will not be processed until this "agreement of gift" is signed.

B. Outright Gifts for Capital Purposes

Current outright gifts for capital purposes are those placed at the immediate disposal of the College and in which the donor retains no interest. Donor purposes for these gifts include support for property, buildings, equipment, and endowment funds. As with outright gifts for current operations, the College seeks single-source funding to establish these funds for capital purposes.

1. Gifts to the Endowment

Endowment funds are set aside and invested so that the investment principal, an important asset of the College, will grow over time and each year generate a stream of income that is a vital source of funding for the operating budget. Such funds are commingled with the general endowment fund of the College.

A new endowment fund can be established at the College with either an outright or a deferred gift. The new fund carries a name agreed upon with the donor at the inception of the fund. All details regarding the establishment of the fund and the purpose of the fund shall be worked out between the donor and the College and will be detailed in the written *Named Fund Agreement*. Stewardship responsibilities for all endowment funds are supervised by the Executive Director of Donor Relations and Stewardship, in close consultation with Financial Affairs.

Named endowed funds can be established for a variety of purposes. The current minimum level to create an endowed fund at the College is $25,000. Prior gifts to the College's endowment may count toward the amount required for creating a different or new named fund if and only if the donor and the College consent to the termination of the activity or program currently funded by the income from the existing funds. The gift amount credited will not exceed the amounts of the gifts used to establish those funds.

New funds will be reviewed by the Vice Presidents for Advancement and Financial Affairs prior to creating the fund. In order to name an endowed fund, a donor must satisfy the following requirements:

a. sign a *"Agreement of Gift"* or other instrument detailing the donor's and the College's understanding of the name of the fund, its purpose, and administration;
b. make an outright gift or sign a pledge (*Letter of Intent*) that totals $100,000 or more, usually payable over no more than five years; and
c. in the case of a pledge, send the College an initial pledge payment.

When these requirements have been satisfied, a named fund will be established and listed in the College's *Official list of endowed funds.*

Because conditions change over time, all *Gift Agreements* will include a contingency clause. This clause states, that if, at some future time, the purpose designated by the fund becomes unworkable or impractical at the College, the College will provide the donor (or other designees) with a recommended new purpose, and will designate the new purpose in such a manner as to give consideration to the original intent of the gift.

Each year, the donor and/or his/her designee, will receive a financial report of the fund produced by the College, which will be based upon the official spending rate as determined by the Board of Trustees.

Donors, from time to time, may request that the College assign income to an endowment fund's principal for a term of years, with the advice and consent of the Vice President for Financial Affairs.

X. Named Gift Opportunities

The College has a proud history of honoring those who have strengthened the institution through their service and their philanthropy. Named gift opportunities continue the tradition of honoring those whose support of College priorities makes the institution stronger, more resilient, and better prepared to meet the needs of new generations of students. This form of recognition is a lasting and powerful affirmation of a donor's partnership in the College's mission. In recognition of a generous gift, the College could name a building, interior or exterior space, an endowment fund, or a restricted fund for current use. The values assigned to existing buildings and grounds, for the purposes of naming opportunities, do not necessarily reflect actual construction costs but, rather, may reflect the prominence and visibility of the facility or interior or exterior space being named.

In the case of construction of a new building, or interior or exterior space, consideration of the gift level required for naming purposes will be guided by the provisions set forth in the College's Policy on the Naming and Renaming of Buildings and Interior & Exterior Spaces.

Endowed funds are created to support the mission of the College in perpetuity, and building the endowment through the establishment of a new fund is one of the most important ways a donor can ensure the long-term financial viability of the College.

Each individually named endowment fund is commingled with the College's endowment. The spending rate is set by the Board of Trustees each year.

Named funds for current-use exist for a specific period of time as set forth by the donor, and only for as long as the donor continues to provide the requisite funds. Gifts of this nature are not invested in the endowment but, rather, spent for an agreed-upon purpose as they are received.

The following are some representative examples of named gift opportunities at the College, and are subject to revision in accordance with emerging and evolving institutional priorities.

Endowment Fund Gifts

Full Professorship	$1,000,000

Center or Institute	$500,000
Educational Technology Fund	$200,000
Faculty Research Fund	$150,000
Full-Tuition Scholarship	$400,000
Graduate Fellowship	$100,000
Named Scholarship Fund	$50,000
Summer Internship Fund	$25,000

XI. Acceptable Gift Types

The following types of gifts are acceptable:

a. Cash
b. Publicly Traded Securities
c. Closely Held Securities
d. Real Property (Real Estate)
e. Tangible Personal Property (Gifts-in-Kind)
   1. Art
   2. Rare Books, Stamps & Coins
   3. Other rare collections
f. Bargain Sales
g. Planned Gifts
   1. Donor-Advised Funds
   2. Charitable Gift Annuities
   3. Pooled Income Fund
   4. Charitable Remainder Trusts
   5. Charitable Lead Trusts
   6. Perpetual Trusts
   7. Realized Bequests and Other Testamentary Distributions
   8. Testamentary Intentions
   9. Charitable Bequests
   10. Retained Life Estate
   11. Life Insurance
   12. Interest-Free Loans
h. Other Assets

A. Cash Gifts

Cash is acceptable in any form including checks and foreign currency, and can be delivered via a variety of forms including wire and electronic fund transfer. Checks shall be made payable to Utica College and shall be delivered to the Accounts and Records Administrator in Advancement. Gifts of cash are valued at their United States monetary worth on the date of transfer.

B. Gifts of Publicly Traded Securities

The College can accept both publicly traded and closely held securities. Marketable securities may be transferred to an account maintained at one or more brokerage firms or trust companies, commercial banks or delivered physically with the donor's stock power attached.

Securities will be sold immediately with authorization provided by one of the following – the Vice President for Financial Affairs or the Assistant Vice President & Comptroller. For stocks that are not readily or easily marketable/liquid, the Office of Financial Affairs may have further discussion with all parties involved in order to review and understand those constraints and the implications of such sale. This policy helps to ensure that market conditions are considered before a sale of this magnitude is made.

When discussing gifts of securities with donors, staff need to understand that issues include timing of the transfer. Donors may face difficulties on timely transfer of securities at calendar and fiscal year end. If a donor wishes the College to wait on the sale of a proposed gift of securities this must be discussed and agreed upon by representatives from Advancement and Financial Affairs prior to the acceptance of the gift.

The following are considerations for the donor when considering such gifts to Utica College and should be carefully explained by the donor's qualified financial representative:

a. timing of the gift – the donor may run the risk of assignment of income (capital gains) if the gift is made after a commitment to sell, or in the case of an outstanding tender, if the gift is made after the time at which the tender is fixed;
b. timing of the transfer – donors may face difficulties on timely transfer of securities; and
c. timing of the sale –marketable securities are sold upon acceptance by the College.

C. Gifts of Non-Public (Closely Held) Securities

Offers of gifts of non-public/closely held stock and/or restricted securities will be reviewed on a case-by-case basis to determine that:

a. there are no restrictions on the security that would prevent the College from ultimately converting those assets to cash;
b. the security is marketable; and
c. the security will not generate any undesirable tax or other consequences for the College.

To be accepted, closely held securities must have a qualified appraisal performed by an independent professional appraiser at the expense of the donor. Every effort will be made to sell closely held securities as quickly as possible.

A donor wishing to make such a gift will be instructed to inform the College about the company, including all relevant information about the stock in the company. Each case will be reviewed by the Gift Acceptance Committee, and the decision to accept the gift will be made by the Committee on the merits of each case.

Gifts exceeding $10,000 in value will be reported at the fair market value on the date of transfer. This value shall be placed on them by a qualified independent appraiser as required by the Internal Revenue Service (IRS) for valuing gifts of non-publicly traded stock. Gifts of $10,000 or less may be counted at the value determined by a qualified appraiser (including an independent certified public accountant who maintains the books for the closely held corporation) or at the per-share cash purchase price of the most recent bona fide transaction involving such stock (which must have occurred within the 12 months preceding such gift) or at the price such stock is redeemed. The College will credit the donor with a gift based upon the value of the stock as determined by the qualified appraisal of the stock.

Once the College agrees to accept the stock, the donor will be advised to complete IRS form 8283 (Report of Noncash Charitable Contributions). This form must be submitted by the donor with the personal income tax return for the year in which the deduction is being claimed. In addition, Financial Affairs is responsible for filing form 8282, which must be filed with the IRS for any non-cash gifts sold within two years (other than unrestricted securities).

D. Gifts of Real Property (Real Estate)

Because these transactions are more complicated than gifts of cash or securities, potential donors should fully understand the College's policy on such gifts, and consult their attorneys and/or tax advisors regarding the implications of the real property transfer on their estate and personal income tax situation.

The College will accept gifts of real estate provided the property has a clear potential for contributing to the overall academic purpose and mission of the College and/or can be successfully sold in a reasonable time period, and the proceeds used to fund institutional priorities. Prior to acceptance, the College will evaluate the property through a process designed to identify any potential risks associated with it. The College will sell gifted properties as soon after acquisition as possible absent a compelling reason to retain the property. The College can accept gifts of real estate on an outright basis, or to fund a charitable trust, or through a charitable bequest. In some circumstances real estate can be used to fund a charitable gift annuity. Procedures for accepting gifts of real estate should be followed carefully.

The Gift Acceptance Committee will review each case of real estate and determine its acceptability.

All initial inquiries regarding gifts of real estate should be referred to the Division of Advancement, which has prepared a detailed *Real Estate Questionnaire*, shown as an appendix to this document.

Potential donors will be asked to complete the questionnaire and to sign and return it to the College. Answers to the questionnaire will help the Gift Acceptance Committee determine if there are any debts associated with the property and if there are any environmental hazards or liabilities associated with the property. In addition, the questionnaire provides a written statement from the donor as to any other liabilities associated with the property as well as providing a detailed written description of the real estate.

The IRS requires a qualified appraisal for all gifts of real estate. It is the responsibility of the donor to secure a qualified appraisal, as well as to complete IRS form 8283. The donor is asked to submit a copy of the qualified appraisal to the College. The qualified appraisal is paid for by the donor and serves as the valuation basis for the charitable income tax deduction. In addition, the College may elect to obtain its own appraisal of the property.

In most cases, a College representative will visit the property and conduct an initial inspection. The inspection will provide the basis for a recommendation as to whether the College should accept the property. If the property is accepted, in most cases the College will sell the property as soon as possible. Therefore, one of the prime factors in considering acceptance of real estate is the ability to sell it quickly. The College is not interested in managing real estate.

Financial Affairs is responsible for filing form 8282 with the IRS if the property is sold within two years from the date of gift.

E. Gifts of Tangible Personal Property (Gifts-in-Kind)

Tangible personal property includes art, books, furniture, coin and stamp collections, cars, boats, and any other personal property items. Gifts of real and personal property for which donors qualify for a charitable deduction will be counted at their full fair market value as substantiated by a qualified appraisal and/or IRS Form 8283 by the donor. Gifts-in-kind, such as equipment and software, will be counted at their educational discount value, which, for purposes of these standards of reporting, shall be deemed to be fair market value. When no educational discount value can be determined, especially in the case of donated software, a value of 50% of retail will be deemed fair market value.

All initial inquiries for gifts-in-kind shall be referred to the Vice President for Advancement. He/she will then consult with the Gift Acceptance Committee to determine if the property in question is desired by the College.

The Executive Director of Donor Relations and Stewardship will inform the donor of the related use rules. The amount of the personal income tax charitable deduction for a gift of tangible personal property depends on whether the property has appreciated in value and how the College will make use of the property. When the College can use, or is likely to use, the property for its educational purposes, the donor is entitled to a deduction equal to the property's full fair market value. Long-term capital gain tax on any appreciation in the property is avoided. If the College is not likely to put the property to a use related to its tax-exempt function, the donor must reduce his/her income tax charitable deduction to the cost basis of the property. The IRS requires that the donor furnish proof that either the College did put the property to a related use, or that at the time the donor contributed the property it was reasonable to anticipate that the property would be put to a related use. The related use rules also apply to gifts of artwork and antiques.

All tangible property and real estate accepted by the College should be promptly reported to Financial Affairs for insurance purposes.

In addition, Financial Affairs is responsible for filing form 8282 which must be filed with the IRS for any non-cash gifts sold within two years from the date of gift.

1. Gifts of Art

The College accepts gifts of art and antiques related to its educational purposes in any of the following methods - outright gift, charitable bequest, bargain sale, or loan. (Though a loan is not a charitable gift, a loan of artwork from a prospective donor can often lead to a gift of the artwork at a later date.)

Legally, artwork and antiques gifts fall under the IRS rules for tangible personal property. The key provision in the rules is that gifts of artwork must be donated for a "related use" to the mission of the College in order for the donor to qualify for a tax deduction. This means that the artwork must have a related use to the educational activities associated with the College. If the College chooses to sell a gift of artwork within three years of the date of gift, the College is required to report to the IRS the sale price received for the artwork, and the College completes IRS form 8282 in order to inform the IRS of the sale and the sale price.

Inquiries regarding gifts of artwork should be addressed to the Vice President for Advancement. Questions of the appropriateness for accepting gifts of art shall be determined by the Gift Acceptance Committee.

If the estimated value of the artwork is $5,000 or above, the donor will need to obtain a qualified appraisal performed by a qualified appraiser. A copy of the appraisal summary must be attached to the tax return of the donor. The appraisal summary is section B of IRS form 8283. If the contribution of art is given by the artist him/herself, the donor should be advised that he/she is entitled to claim a tax deduction limited to the cost basis of the property (i.e., the materials used to create the art—canvas, paints, clay, brushes, etc.).

If the value of the artwork is $20,000 or more, the donor must attach the complete appraisal to the tax return, as well as a color photograph or color slide of each item of artwork. The IRS obligates the donor to pay for the qualified appraisal. The donor then submits a copy of the completed appraisal to the College.

The donor is informed that a *Deed of Gift for Artwork* will be completed. When the donor signs the Deed, ownership is formally transferred to the College.

Financial Affairs is responsible for filing form 8282, which must be filed by the College with the IRS for any gifts of tangible personal property such as artwork sold within three years of the date of gift.

F. Bargain Sales

A bargain sale can be an effective gift tool in some circumstances. The bargain sale most often involves gifts of real property so considerations that apply to gifts of real estate apply to bargain sales as well. A bargain sale generally occurs whenever property is sold to a charitable organization for less than its fair market value. An example of a bargain sale gift that would be of interest to the College would be a house located near the College in which the donor was willing to "sell" the house to the College for a discounted price.

When a bargain sale is made, the amount of the donor's charitable contribution is the value of the property sold less the amount paid for it. In a bargain sale the donor gives an asset to the College, and the College pays the donor the cost basis (or another agreed-upon amount). The donor recoups the initial investment, avoids the capital gain on the gift portion, and receives a charitable deduction.

Bargain sale arrangements at the College will be carefully reviewed on a case-by-case basis by the Gift Acceptance Committee.

G. Planned Gifts

Planned gifts are both outright and deferred gifts that are given to the College. Examples of outright planned gifts include charitable lead trusts and donor advised funds. Examples of deferred planned gifts are bequests and life income gifts. Some deferred planned gifts are revocable and some are irrevocable. Examples of revocable planned gifts are will provisions, and examples of irrevocable planned gifts are life income gifts.

Life income gifts provide means by which a donor can make a gift to the College while retaining the right to receive income from the gift. In exchange for this commitment now, the donor is entitled to a current charitable income tax deduction (for the value of the College's future interest), as well as income to the donor, his/her spouse, or any other person whom they designate. The amount of the income payments depends upon the type of life income plan selected, the gift amount, and the age of the donor/beneficiaries.

Donors who express an initial interest in a life income gift or any other deferred gift should be referred to the Vice President for Advancement. Advancement staff are available to provide information and assistance to donors considering such gifts as well as to discuss gift purpose. The College hopes that most donors will designate their planned gifts to unrestricted endowment. Planned gifts are counted at face value meaning that they are valued for gift recognition and reporting as of the date the assets are received by the College.

1. Charitable Gift Annuities

A gift annuity is a life income plan in which a donor transfers cash or stock to the College in exchange for a fixed annuity for one or two lives. Since the value of the amount transferred to the College will exceed the value of the annuity to the donor, the donor is entitled to a charitable deduction for the difference. The College has agreed to pay the beneficiary of the annuity the rate of return recommended by the American Council on Gift Annuities, of which the College is a member. Inquiries about charitable gift annuities may be sent to the Advancement Office.

The allowable assets to be used to fund an annuity at the College are cash, securities, and the cash surrender value of a life insurance policy. Charitable gift annuities and other life income vehicles are managed by external financial institutions on behalf of the College.

There is a $25,000 minimum to establish a gift annuity, and the minimum age for beneficiaries is 55 years old. Each potential donor is furnished with a *Disclosure Statement* about the Gift Annuity Program at the College.

Financial Affairs (or the College’s counsel) prepares the necessary calculations based on the date of gift, donor(s) age, and the gift amount in order to illustrate the income tax benefits and the rate of return.

The assigned Development Officer sends the donor two copies of the *Gift Annuity Agreement* for signature by the donor. The donor returns both copies of the form to the College along with the asset to fund the annuity.

2. Charitable Remainder Trusts

The unitrust is a trust in which the beneficiary receives a variable income based on a fixed percentage of the trust's assets valued annually, either for a term of years or for the life of one of two beneficiaries. Additional contributions in any amount can be made to an existing unitrust.

An annuity trust is a trust which pays the beneficiary a fixed dollar amount annually based on a fixed percentage of the trust's assets valued at the inception of the trust. The trust can run for a term of years or for one or two lives. No additions can be made to an annuity trust.

The minimum amount necessary to fund a trust is $250,000. 55 is the minimum age for the beneficiary. The original trust document will be maintained in Financial Affairs.

The donor may elect any financial institution that offers these charitable gift instruments for management of the fund(s), in consultation with Financial Affairs and the assigned Development Officer, or he/she may choose to retain his/her financial advisor/wealth manager through the College's Financial Advisors Program (FAP).

3. Perpetual Trusts

A perpetual trust is a trust with no termination date that exists in perpetuity. Perpetual trusts are challenging because there is no known termination date and thus no way to calculate present or IRS-deductible value.

Given the impossibility of calculating a present value, the College may opt to count the annual income received as a gift in the year received. This would also apply if the College were not the trustee of the trust.

4. Realized Bequests and Other Testamentary Distributions

All amounts received by the College by realized bequest shall be credited at the value received. If that amount was previously credited for campaign purposes as an expectancy, only the amount received in excess of the previously credited expectancy amount shall be counted.

Upon the death of the last life-income beneficiary, the College may receive other testamentary distributions from life income plans. In cases where the College had no prior knowledge of the expectancy, these gifts shall be counted at the value received. In cases where the College receives amounts from life income plans established with the College's knowledge and credited in the past, only those amounts in excess of the previously credited amount shall be counted.

5. Testamentary Intentions

A charitable gift to the College may be made through a will provision, which is one example of a testamentary intention. Once the College has received written acknowledgement of the commitment by the donor via an *Estate Note or Estate Commitment* form, testamentary gifts are recorded for proper gift crediting and donor stewardship. The donor is welcomed into the *Heritage Society*, which recognizes alumni and friends who have provided for the College through a gift plan. Requests for additional information on will provisions and testamentary intentions may be directed to the Advancement Office.

To be counted for gift reporting purposes, such expectancies must be in the form of a specified amount, or a percentage of the donor's estate or relevant asset pool, as appropriate based on a credible estimate of the future value of such estate or asset pool at the time the commitment is made. In the case of an individual retirement account, qualified plan, or other similar arrangement where the pool of assets will be depleted over time by mandatory distributions, the donor's will must contain a provision to the effect that any shortfall in the anticipated amount passing to the College be made up from the donor's estate.

Confirmed provisions for the College in wills, revocable trusts, or other revocable instruments (including, but not limited to, individual retirement accounts, qualified plan and life insurance beneficiary designations), and revocable beneficiary designations of the College in otherwise irrevocable charitable remainder trusts by donors age 70 or older, will be counted, for gift receipting and reporting purposes, at their discounted present value.

6. Charitable Bequests

Individuals can make charitable bequests to the College by naming the College in their will. Inquiries regarding will provisions should be directed to the Advancement Office. Alumni and friends are encouraged to inform the College when they make a provision in their will. Special endowment funds can be created by bequest, and these should be worked out prior to the inclusion of the College in the will.

7. Retained Life Estate

A retained life estate is a gift plan in which a donor deeds property to the College while retaining a life interest for themselves or for a spouse and themselves. The donor receives a charitable income tax deduction in the year in which the property is deeded over to the College.

The procedures for accepting a life estate contract involve following the procedures listed for gifts of real estate. As with gifts of real estate, each life estate contract will be reviewed on a case-by-case basis. It is the policy of the College that it is the responsibility of the donor to maintain the property, including paying all necessary real estate taxes, during his/her life tenancy. The College will decide on a case-by-case basis when to sell the property after the life tenancy ends. The Vice President for Advancement and the Vice President for Financial Affairs will approve each new life estate contract.

8. Life Insurance

While not encouraged, gifts of life insurance will be accepted. A donor may contribute life insurance to the College in one of the following ways:

a. Name the College as beneficiary of the life insurance policy. In this case there is no income tax deduction. The proceeds are included in the gross estate, but offset by a charitable deduction.
b. Make the College both the owner and beneficiary of the policy. In this case the donor receives a charitable income tax deduction depending upon circumstances:

1. fully paid-up policy: deduction equal to replacement cost.
2. policy having substantial loans: deduction limited to the cash surrender value.
3. policy with remaining premiums: deduction is equal to the interpolated terminal reserve value of the policy.

The College will accept gifts of life insurance in which there are still premium payments outstanding provided the donor agrees to pay the regular premium payments. It will be the donor's responsibility to make the premium payments.

The Controller, in consultation with the Vice President for Financial Affairs and Treasurer, will determine on a case-by case basis when to surrender (cash in) a particular life insurance policy. Smaller policies will not be held for the death benefit.

A donor can use the cash value in a life insurance policy to fund a life income plan, provided the cash value available meets the minimum funding level for the life income plan. For example, the cash value of a policy can be used to fund a gift annuity.

The Advancement Office will forward all original life insurance policies to Financial Affairs. Financial Affairs will maintain a record of all life insurance policies currently held by the College.

9. Interest-Free Loans

Interest-free loans are loaned to the Corporation of Utica College for unspecified periods of time, bearing no interest. All income and gains from the investment of such loans is available to the College for unrestricted use, unless specifically restricted by the lender, who may at any time recall only the original principal portion of the loan.

An individual may loan the College money, and then forgive the loan. When the loan is forgiven, it can be recorded as a gift.

In order to document the interest-free loan, lenders must complete an interest-free loan agreement. The College will consider accepting an interest-free loan starting at a minimum of $1,000,000.

Additional amounts may be lent after the initial $1,000,000 loan is established.

Each request to the College to accept an interest-free loan must be approved by both the President and the Vice President for Financial Affairs & Treasure, with the Board of Trustees concurring.

H. Gifts of Other Assets

The Gift Acceptance Committee will consider gifts of other assets, including but not limited to promissory notes, assignment of promissory notes, or partnership interests only after a review of the following criteria:

- Relevance to the College’s Mission
- Market Value and Marketability
- Potential Environmental Risks

- Limitations and Encumbrances
- Carrying Costs

1. Illiquid Assets

Illiquid assets are property. Most often they are securities not currently traded on the open market such as pre-IPO stock that might one day be publicly traded or that might eventually be acquired by another company via a merger. Illiquid assets might also be closely held stock, partnership agreements, etc.

Securities that are not publicly traded are often quite volatile, and their value may be difficult to determine. All potential gifts in this category will be reviewed by the Gift Acceptance Committee.

Gifts of this nature fall into three broad categories: assets transferred to the College but not immediately liquidated; assets donated to a separate entity for the benefit of the College; and assets not now donated but promised to be given in the future upon a triggering event.

- **Assets transferred but not immediately liquidated**

In this instance the donor transfers an asset, usually stock, which the College cannot sell due to legal restrictions or illiquidity. The date of gift will be the date the asset is received by the College, and donors will receive gift credit equal to whatever federal income tax deduction they are entitled. In cases where there are legal restrictions on the stock or the asset is illiquid, donors should get a qualified appraisal and follow all IRS guidelines for such gifts. It is the donor's responsibility to arrange for and pay the costs associated with the appraisal. Because of the volatility of these gifts, they should not be counted toward the Annual Fund. Nor can the College count such gifts toward the settlement of a formal pledge agreement, without prior approval of the Vice President for Financial Affairs, upon the recommendation of the Vice President for Advancement. In some instances, the donor may be asked to guarantee the minimum value of the gift and its timing in order to receive gift credit.

- **Assets donated to a separate entity for the benefit of the College**

There may be instances where the donor prefers to transfer the asset to another entity such as a charitable remainder trust or lead trust of which the College is not the trustee, or to a supporting organization or private foundation over which the College has no direct legal authority. In these instances, issues of gift crediting will be determined on an individual basis.

- **Assets promised as a future gift**

While the least tangible and uncertain of the three categories of illiquid assets, this is the one most likely to result in substantial contributions to the College. The donor signs a memorandum of understanding pledging to transfer a specific number of shares of stock or other security in the future. No gift is made at that time, but is anticipated in the future after a triggering event, most likely an IPO or merger. All issues relating to gift credit are determined at the time the actual assets are donated to the College. In effect, the College is securing a non-binding promissory note that the prospect will make a future gift.

When a donor wants to use an illiquid or restricted asset gift to create an endowment fund, and/or support a building fund or other capital purpose, special care must be taken to protect the College from the volatility that accompanies these types of assets. These issues must be negotiated as part of the gift agreement.

XII. Pledges

The College accepts and welcomes multi-year commitments of gifts. All of the various terms and conditions placed on gifts by these policies will also apply to pledges. The normal term of pledges is three to five years; if a donor wishes to extend payments beyond five years, the proposed commitment should be reviewed by either the Vice President for Advancement and the Executive Director of Donor Relations & Stewardship. If the proposed pledge payments will extend beyond seven years from the date of the agreement, the Gift Acceptance Committee must review the pledge.

In all such commitments, the donor(s) should be encouraged to consider a comprehensive commitment that includes regular support for the Annual Fund. The unrestricted current support that constitutes the Annual Fund is among the most valuable and important types of gifts the College can receive, and a multi-year commitment to other priorities of the College should complement Annual Fund support, not diminish it.

In the case that some or all pledge payments will be received from a donor advised fund or family foundation, the College will not place the gifts against the outstanding pledges but will instead manually reduce pledges by the amount of the gifts received. The College does this for the protection of its donors, since such third-party payments of personal pledge obligations may be considered by the IRS as "self-dealing."

Pledges are only to be recorded when full payment is expected at some point in the future. There must be, from the donor a signed pledge agreement (*Letter of Intent)*. Pledges without such paperwork or with only an email to confirm donor intent will be listed as conditional pledges and if not fulfilled during that fiscal year will be removed from the pledge database. Memos to file, emails, and other internal memoranda are not sufficient to record a gift or pledge as an unconditional pledge.

Financial Accounting Standards Board statement FAS116 requires non-profit organizations to regard pledges in much the same manner as accounts receivable. As such, we must have a very good understanding of the donor's payment intentions/schedule so that future anticipated payments can be value-dated. Furthermore, there must be proof that pledges are in good standing. Pledges not in good standing, for which there is no amplifying correspondence with the donor outlining revised payment terms, are subject to direct investigation by auditors.

XIII. Miscellaneous Provisions

a. Securing appraisals and legal fees for gifts to the College: It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the College.
b. Valuation of gifts for development purposes: The College will record a gift received by the College at its valuation for gift purposes on the date of gift.
c. Responsibility for IRS filings upon sale of gift items: The Controller's Office is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the College when the charitable deduction value of the item is more than $5,000. The College must file this form within 125 days of the date of sale or disposition of the asset.

d. Acknowledgment of all gifts made to the College and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Accounts & Records Administrator. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* are attached to these policies as an Appendix.

XIV. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the President of Utica College, upon the recommendation of the Policy Advisory Group (PAG). The President, upon recommendation of the Gift Acceptance Committee, with the PAG concurring, must approve any changes to or deviations from these policies.

Presented to the President of Utica College, <Date>
Approved on the <day> of <Month>
Revisions Reviewed and Approved by Gift Acceptance Committee <Date>

Appendix

Association of Fundraising Professionals (AFP) 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 the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

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

9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Sample Stock Power
Utica College Real Estate Questionnaire
IRS Form 8282
IRS Publication 561 Determining the Value of Donated Property IRS
Publication 526 Charitable Contributions