



**WESTERN OREGON UNIVERSITY FOUNDATION
And Office of University Advancement**

GIFT ACCEPTANCE POLICY

*Adopted October 2011; Revised March 2015, November 2015, September 2019,
December 2019*

1. INTRODUCTION AND OBJECTIVES

The Board of Trustees of Western Oregon University Foundation (hereinafter referred to as "the foundation"), with an understanding of its mission and responsibilities for accepting gifts on behalf of Western Oregon University (hereinafter referred to as "the university"), has established the following Gift Acceptance Policy.

The mission of the Western Oregon University Foundation is to strengthen relationships and provide resources in order to serve and support the mission and vision of Western Oregon University.

The vision is that the Foundation will develop and provide Western Oregon University with strategic resources it requires in order to fulfill its goals of:

- Offering college level education to an increasing number of Oregon residents
- Reducing financial barriers to higher education through scholarships
- Securing high quality faculty and facilities graduates need to perform in the global economy
- Providing an exceptional student experience

Types of giving programs offered include the annual fund, major unrestricted, restricted and endowed gifts, planned gifts, and corporate and foundation gifts. Prospects are derived from university alumni, parents, friends, foundations and corporations.

The objectives of these policies are to:

- Direct development staff efforts towards those gift opportunities that most benefit the university;
- Secure valuable gifts that benefit both the university and its donors;
- Facilitate an effective approval process;
- Ensure that the foundation and university's interests are being protected; and
- Ensure that donors are treated in a professional, ethical and fair manner.

These policies define the criteria and processes by which proposed gifts will be considered for acceptance. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with the university's mission and foundation policy.

2. GIFT ACCEPTANCE

The foundation reserves the right to refuse any proffered gift with or without cause at its sole and absolute discretion.

The foundation on behalf of the university will assess the financial desirability of receiving assets as gifts from potential donors and determine whether or not to accept a gift as offered. The foundation reserves the right to decline gifts from which it will realize little or no financial gain or for any other reason, with or without cause and without the requirement to disclose the reason for declining any offered gift. It may refuse gifts that are offered for purposes that are inconsistent with its educational, research and service missions. The foundation shall not accept gifts with restrictions that violate the university's ethical standards, or those that require expenditures beyond their resources, that compromise the academic freedom of the university community or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability or any other basis prohibited by federal, state and local laws and regulations.

3. FINANCE AND PLANNED GIVING COMMITTEE

The Executive Committee of the Foundation's Board of Trustees ("Executive Committee"), through its Finance and Planned Giving Committee (hereinafter referred to as "FPGC") as defined by the foundation's bylaws, serves as the Board of Trustees' principal unit for the consideration of matters relating to the Foundation's investment policies, business operations, administration, budgeting, fiscal reporting and financial reserves.

The FPGC may be convened by the Treasurer if a specific gift constitutes an exception to the standards as outlined in the Gift Acceptance Policy and/or the gift has been challenged regarding its origin or scope. The FPGC will review the information that has been presented by staff and, if the issues involved have been satisfactorily resolved, may accept or reject the gift in question. If the issues involved have not been satisfactorily resolved, the FPGC will request additional information, decline or return the donation. The FPGC will endeavor to respond promptly so that the gift can be completed in a timely manner to ensure donor good will.

4. CODE OF ETHICS

The foundation shall make every effort to ensure that gifts and grants accepted by foundation are in the best interests of the university and the donor. The foundation subscribes to the CASE Donor's Bill of Rights and to the Model Standards of Practice for the Charitable Gift Planner (See Appendix). All gifts will be in compliance with the Internal Revenue Code of 1986, as amended and all federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax favored.

The foundation will accept gifts only in compliance with Oregon Administrative Rules, and other state regulations that stipulate the conditions under which contributions can be given and received. The donations must also be compatible with the foundation's tax-exempt status and exempt purpose.

As a protection to the donor and the university, the Development Officer working with a donor shall document for the donor's review and approval the donor's intentions, motivation, and objectives for creating the major or planned gift under discussion.

Once the foundation has accepted a gift on behalf of the university, it becomes foundation property. From this point, the donor has no direct decision-making power regarding the disposition of the gift. In the case of an advised fund, however, the foundation may consult with the donor on the use of the gift after the foundation has accepted the gift.

The foundation may seek legal counsel relating to matters of gift acceptance when appropriate.

5. GIFT DEFINITION

Per IRS Guidelines, a gift is defined as a voluntary transfer of assets from a person or an organization to the foundation where no goods or services are expected, implied or forthcoming for the donor. Gifts usually take the form of cash, securities, real property or personal property.

- A gift is motivated by charitable intent.
- Gifts are irrevocable transfers of assets. The foundation is not obliged to return unexpended funds. (If, for some reason, the foundation is unable to comply with the donor's intent, or if the gift has been misdirected to the foundation, a return of gift may be issued at the Executive Director's discretion. Out of pocket expenses may be deducted from the gift before it is returned. The return of a gift for any other reason must be reviewed and approved by the FPGC.)
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the foundation and the donor, except for certain deferred gifts as set out in this policy.
- A period of performance is not specified.
- Formal financial accounting to the donor is not required as it would be, for example, with a research grant.
- Generally, funds received from individuals, closely-held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations are classified as gifts unless the grant requires performance or other consideration.
- A gift is not completed until it has been accepted by the foundation on behalf of the university.

A gift may be either unrestricted or restricted to a general area of use that contributes to the benefit of the university or one of its component units. Restriction(s) placed on the use of the funds contributed to the foundation may be rendered illegal, unreasonable or unable to be fulfilled due to circumstances, including, but not limited to: the termination of a university program; a surplus of funds available from other sources to fulfill the designated purpose; or the designated purpose is no longer consistent with the mission of the university and its individual programs.

If the donor(s) are unavailable to alter the account restriction(s), the foundation, if reasonably practicable, shall consult with donor's representative or close family members to restructure the gift. In the absence of agreement, the foundation may seek approval of a court with jurisdiction to remove or modify such restriction(s). If termination of the

restriction(s) is obtained, the foundation may seek to use the funds for a purpose deemed appropriate assuming the restriction is removed, in a manner consistent with donor's charitable purposes.

6. SCHOLARSHIPS

Scholarship donations may be awarded for any cost of attendance. This may include any expenses a student incurs when attending WOU, including but not limited to tuition, fees, books, parking, transportation, housing, childcare and emergency funding unless otherwise designated by the donor.

- To establish a named scholarship endowment, a donor must contribute a minimum of \$25,000, paid in full or over a period of up to 5 years.
- To establish a named expendable scholarship, a donor must contribute a minimum of \$5,000, paid in full or over a period of up to 4 years.

Factors to be considered when establishing scholarship criteria for applicants should support the purpose of the scholarship and must be free of restrictions or discriminatory provisions by law. Examples of possible scholarship criteria are listed below. (This list is not meant to be all-inclusive; you may have criteria more specific to the goals of your program.)

- Demonstrated financial need
- Academic merit including grade point average
- Program specific, including major, area of study, athletics or a specific sport
- Residency or particular geographic area, including graduating from a specific high school or district
- Historically underprivileged or underrepresented populations, including first generation college students
- Demonstrated overcoming specific challenges or disabilities
- Community or extracurricular involvement, awards or recognition

Per the Internal Revenue Code section 4945(g)(1), in order for a scholarship to be qualified as tax deductible, the donation may not benefit any designated individual or limit criteria directly or indirectly to private interests or groups. Scholarship criteria and awarding practices should be broad enough to allow for the maximum number of eligible WOU student applicants. Scholarships will be awarded on an objective and nondiscriminatory basis.

Donors may serve on a scholarship selection committee but may not directly or indirectly participate in the final selection. This includes the donor, members of the donor's family, people who serve as advisers to the donor (e.g., lawyers and accountants), people who are employed by them, and committee members selected or appointed by the donor. These people may not represent a majority of the members of the selection committee. Selection of recipients must be on an objective and nondiscriminatory basis.

A savings clause allows the Foundation to revise or modify the gift of the donor if the criteria or purposes of the gift are no longer lawful, the program no longer exists or if the purpose is otherwise unable to be fulfilled as originally intended or other similar reasons. If at any time the Foundation determines that any criteria of the scholarship in whole or in part

is contrary to law or changes occur such that the program or purpose is unable to be fulfilled or no longer exists, the Foundation may modify the criteria in the manner that most closely satisfies the original intentions of the donor. This may include modifications reasonably necessary to re-categorize the purpose due to changes in data entry needs, software or technology, laws, University policies or other similar changes in circumstances.

Scholarship award amounts are at the discretion of the Student Financial Aid office based on the individual student's financial aid package and amount available in the scholarship fund. If the fund balance falls below one hundred dollars, the Foundation reserves the right to distribute the remaining money through the Foundation General Scholarship Fund.

7. PLANNED AND MAJOR GIFTS

Major gifts are defined as non-recurring gifts that are usually \$25,000 or more and often are for restricted purposes. These gifts are integral to the mission of the foundation and university.

The minimum contribution amount for a new named endowment is \$25,000.

Planned gifts are a subset of major gifts, with variable minimum amounts, and enable a broad group of supporters to make significant gifts to the foundation and in support of the university, either during their lifetime or as part of an estate plan, that they could otherwise not make through outright gifts. While planned gifts often enable donors to accomplish both financial and philanthropic goals; the foundation seeks to encourage gifts that have significant philanthropic motivation. Donors should be reminded that the foundation is not a financial institution offering commercial investment vehicles.

8. MAJOR GIFTS QUASI-ENDOWMENTS

All gifts in excess of \$50,000 which are received without endowment restrictions will have ninety percent (90%) of the gift placed into a quasi-endowment fund with any available donor criteria. The principle of the quasi-endowment fund will be invested in the Foundation endowment pool and managed by the Foundation endowment investment policy. Income from the quasi-endowment will be governed by the Foundation endowment spending policy and be placed in the current use fund, which may include the General Unrestricted Fund.

The remaining ten percent (10%) will be placed in a current use fund appropriate to any available donor criteria, which may include the General Unrestricted Fund.

9. SERVING AS TRUSTEE

Oregon law permits the foundation to serve as trustee of charitable trusts that benefit the university. Though it is strongly recommended that donors utilize a corporate trustee or self-trustee for any charitable trust which names the foundation as beneficiary, the foundation may agree at its discretion to serve as trustee or successor trustee of a charitable trust as long as the terms and conditions outlined in these policies are met. The foundation may outsource all duties to a commercial Trustee at its discretion. The foundation shall not serve as trustee or successor trustee for any charitable trust which is funded with less than \$1,000,000 and shall not serve as trustee or successor trustee for

any trust which contains net-income or net income with make-up provisions, or any trust in which the foundation is less than a 100% beneficiary. In general, the foundation will not serve as trustee or successor trustee for any charitable trust in which an income beneficiary is under 70 years of age without prior approval of the FPGC. The foundation shall not serve as the Donor's Executor, Estate Representative, Personal Representative or Agent under Power of Attorney, nor will the foundation serve as the Trustee for living trusts. WOU Foundation employees shall not personally serve in any capacity for the donor unless the employee is an immediate family member of the donor(s).

The decision to accept the trusteeship or successor trusteeship of a charitable trust shall be subject to the approval of the FPGC. Their decision will be guided by the terms and conditions outlined in this policy document. Exceptions to these policies will be made only with the prior approval of the FPGC, and will be made only upon adequately showing that the interests of the university are served.

If a donor wishes to direct or restrict the investment of a trust's assets, the donor should be encouraged to serve as his or her own trustee or to secure the services of another trustee or administrator. The foundation will not serve as co-trustee of a trust with a donor.

The foundation may at its discretion agree to serve as temporary agent for asset management, trust administration, or both, for a Charitable Remainder Trust for which it is not the initial trustee. The foundation should be named as successor trustee to take office upon the expiration of a fixed period or upon the occurrence of an event such as the sale of the trust's funding asset(s).

10. TYPES OF GIFTS ACCEPTED

The following types of planned gifts are acceptable under the terms and conditions set forth below. Gifts described in sections A through I below must have prior approval of the FPGC.

- A. Bequests under a will or living trust.
- B. Beneficiary designations in a retirement plan (such as an IRA or 401(k)), an annuity, or a life insurance policy.
- C. Charitable Remainder Trusts.

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

A charitable remainder trust is an irrevocable trust created either during the life of the donor or through the donor's will or trust. The trust must provide that a specified sum based on current actuarial tables as a percent of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable. In order to qualify as a charitable remainder unitrust, the trust must meet all of the requirements set forth in IRC Section 664, and related regulations. Any donor who wishes

to create a charitable remainder trust must choose between an annuity and unitrust formats. No blending is allowed.

Charitable Remainder Annuity Trust (CRAT). A CRAT is an irrevocable trust that provides for paying a fixed sum based on current actuarial tables as a percent of the initial fair market value of the trust corpus; at least annually; to one or more persons, at least one of whom is not a charitable beneficiary; for life or the lives of a named individual(s) or for a term of years not to exceed 20; after which the entire trust principal will be retained for the use of the foundation (a qualifying charity); and the value of the charitable remainder being at least 10% of the trust's net fair market value of property transferred in trust on the date of transfer to the trust. Since the amount is stated as a fixed percentage of the initial net fair market value or a fixed sum, which fixed amount cannot be changed regardless of fluctuations in portfolio value. For this reason, additional contributions are not allowed.

Charitable Remainder Unitrust (CRUT). A CRUT is an irrevocable trust that provides for paying a stated percentage sum based on current actuarial tables as a percent of the net fair market trust principal; determined and paid at least annually; to one or more persons at least one of whom is not a IRC Section 170(c) organization; for life or the lives of a named individual(s) or for a term of years not to exceed 20; after which the entire principal is irrevocably transferred or retained for the use of, in this case, the foundation; and the value of the charitable remainder being at least 10% of the trust's net fair market value of property transferred in trust on the date of transfer to the trust. Unlike an annuity trust, additional contributions may be made to a unitrust.

Unitrust options include:

- Standard or Straight Unitrust. A standard unitrust requires a payout or distribution of an amount sum based on current actuarial tables as a percent of the annual value of trust assets.
- Net Income Unitrust (NICRUT). A unitrust may also include an optional provision that requires the trustee to pay, for any year, the lesser of the full unitrust amount and trust income (as defined in IRC Section 643(b) and related regulations). This type is commonly referred to as a Net Income, Income only option.
- Net Income with Make Up Unitrust (NIMCRUT). If a net income option is selected, the trust will pay income in excess of the full unitrust amount to the extent the aggregate amounts paid in prior years were less than the aggregate of the fixed percentage amounts for those prior years. In other words, the trust can make up past deficiencies. This type of format is called a net income with make up unitrust.
- FLIP Unitrust (FLIPCRUT). The decision to create a unitrust with a net income option is, in most cases, based on the fact that the funding asset (often real estate) does not produce enough initial income to pay the annual unitrust amount. A unitrust can be drafted to allow a switch or FLIP from a net income option to a standard income provision upon the occurrence of a specific event such as the sale of the real estate.

The foundation may agree to serve as the trustee of charitable remainder trusts that meet the requirements set forth below.

The initial contribution to the charitable remainder trust shall be at least \$100,000 unless the FPGC waives this requirement. The foundation may serve as trustee of any charitable

remainder trust to which the initial contribution is at least \$100,000 unless the FPGC approves a smaller amount. If the income interest is for life, the beneficiary(ies) must be at least 50 years of age for a NIMCRUT, NICRUT or FLIPCRUT and 60 for a standard or straight charitable remainder trust unless the FPGC approves a younger age.

Where payments are to be made for the lives of multiple beneficiaries, there may be no more than two.

The foundation should 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 foundation 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 the FPGC in light of such factors as assets involved, size of gift, potential for additional gifts or additions to the unitrust, age and life expectancy.

D. Charitable Gift Annuities

Charitable gift annuities shall not be accepted by the foundation without prior review and approval by the FPGC.

A charitable gift annuity is a contract between the foundation and the donor. The foundation 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 residuum will remain for the foundation.

The minimum contribution amount for a gift annuity is \$100,000.

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 or a maximum of 5%, whichever is lower. Annuity agreements shall be limited to two lives. Generally, the minimum age for the annuitants shall be 65 for immediate annuities and 55 for deferred annuities. Exceptions may be made subject to the prior approval of the FPGC.

Gift annuities shall be managed by the foundation under the direction of the foundation Annuity Pool Investment Policy, and the foundation may employ agents and advisors to assist with the administration and investment of gift annuity assets.

The foundation will not accept a gift annuity for tangible personal property or real estate holdings. Any deviation from this requires approval of the FPGC.

E. Retained Life Estate in Real Property

While not a life-income type of gift, the irrevocable donation of real estate while retaining the right to use the property may be considered a charitable gift arrangement. The donor gives a personal residence, farm, or second home or vacation home to the foundation and reserves the use of the property for life (or a term, of years), and/or the lifetime of another resident beneficiary.

The immediate benefit of a gift of real estate with retained life estate is often a substantial tax deduction for the charitable gift. This deduction is equal to the remainder interest in the property, (the appraised fair market value of the real estate less the calculated value of the retained life use).

As with other gifts of real property, it is the donor's responsibility to obtain an independent appraisal of the value of the property.

The foundation may agree to accept remainder interests in real property, including personal residences and farms. The donor or the donor's designee must agree to continue to pay or otherwise make provision for the payment during his or her lifetime of all costs and liabilities of owning and maintaining the property, including property taxes, insurance, assessments, repairs and ordinary maintenance. Neither the donor, nor any other person with an interest in the property, shall be able to compel the foundation or university to make any capital improvement or take any other action regarding the property involving the expenditure of funds or an assumption of a risk. Gifts of interests in real property subject to a retained life estate are subject to the same review process as is set forth below for other gifts of real property.

F. Bargain Sales

Bargain sales shall be negotiated individually with the donor, and are subject to review and approval by the FPGC. Bargain sales involving a gift interest of less than 50% of the property's fair market value will typically not be considered.

G. Charitable lead annuity trusts and unitrusts

The foundation will serve as Trustee of a charitable lead trust only if it secures sufficient assurances, either through an indemnification clause in the trust agreement or through some other written means, that the donor(s) of the lead trust will protect the foundation and the university from potential liability to the non-charitable beneficiaries of the trust (usually the donor's family) except in the case of willful misconduct or gross negligence. Generally, the foundation will not serve as the trustee of a charitable lead trust funded with or invested in assets other than a diversified portfolio of publicly traded securities.

In order for the foundation to serve as Trustee of a lead trust:

- The expected net present value of the income interest it will receive shall be equal to at least \$100,000, and;
- The foundation must be irrevocably named to receive at least typically 50% of the income of the trust.

H. Designating the foundation or university as Beneficiary

The foundation will accept any proceeds that it receives on behalf of the university 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 plan without prior review and approval of the FPGC, unless the designation imposes restrictions or a trust arrangement, in which case, FPGC prior review and approval is required.

Life Insurance Policies

The foundation will accept transfers of ownership of existing life insurance policies. If premiums remain to be paid, the donor must agree in writing to give sufficient funds annually on a timely basis to the foundation in order for it to pay the premiums, or the donor must agree to pay the premiums directly. The foundation reserves the right to cash in a policy or take other actions available to the owner of a policy at any time. The foundation will not undertake to secure insurance on the life of a donor or otherwise at the request of a donor, nor will it accept ownership of policies subject to a loan or in connection with a “split dollar” or similar arrangement where the proceeds are to be divided between charitable and non-charitable interests.

The values of paid-up life insurance gifts will be recorded and reported at cash surrender value rather than face value of the policy, in accordance with CASE guidelines.

Approval/acceptance process

The Major or Planned Giving Officer will prepare a written summary of any proposed gift of a life insurance policy which fails to meet all of the criteria specified above and submit that summary to the Executive Director (or designee). At a minimum the summary shall include the following information:

- Description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured(s), and other relevant policy information.
- The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift.

The Executive Director (or designee) will review the material and decide as to whether to accept or reject the proposed gift or, if necessary, to impose any terms (e.g., the donor’s written pledge to make contributions to cover premiums, a revision in the payment schedule) as a condition of approval. The final determination of the Executive Director (or designee) shall be communicated to the FPGC for final approval. The Executive Director (or designee) shall communicate the foundation’s decision to the donor in writing, including any conditions imposed by the FPGC prior to acceptance.

If a proposed gift of a life insurance policy is approved, the foundation will prepare acknowledgement and receipt of the gift on behalf of the university.

The gift will be completed upon the execution and delivery of the life insurance policy to the foundation, or an assignment on behalf of the university of the policy in the event that the foundation is not the original owner of the policy.

Administration

The foundation shall administer all gifts of life insurance policies and shall maintain records of all donor policies, contribution schedules, donor designations of death benefits, and the like. The foundation shall also be responsible for pledge reminders and monitoring payments of premiums.

The foundation shall be responsible for confirming the existence and cash value of all policies in force at least annually and for collecting and distributing death benefits. Upon receipt of death benefits, the foundation shall provide notice to the department(s), program(s), or endowment(s) to benefit from the gift.

11. MISCELLANEOUS ISSUES

A. Testamentary funded gifts.

The charitable gift annuity and various charitable trusts described above may be funded during the lifetime or at the death of the donor. The decision for the foundation to serve as the trustee of a testamentary funded trust requires prior approval by the FPGC.

Terms and minimum funding requirements for a gift to be funded at the donor's death will be governed by the acceptance policies in effect at the time of the donor's passing.

B. Trust types not accepted:

The foundation will not serve as trustee of a funded revocable trust or a nonqualified trust.

C. Serving as Executor of an Estate.

The foundation generally shall not serve as the Donor's Executor or Estate Representative, or serve as the Trustee for living trusts. WOU Foundation employees shall not personally serve in any capacity for the donor unless the employee is an immediate family member of the donor(s).

D. Generation Skipping Transfers

Each trust or other deferred gift shall be reviewed to determine if there is a possibility that a beneficial interest may vest in a person more than one generation removed from the donor.

The donor should be advised of the outcome of this review and encouraged to seek expert assistance in the event that such a beneficial interest could arise.

12. ACCEPTABLE ASSETS

The following assets may be accepted as funding for an outright or planned gift, subject to the terms and conditions outlined below:

A. Cash and marketable securities

Cash and checks shall be accepted regardless of the amount without prior FPGC approval. Checks shall be made payable to WOU Foundation. The value of any cash or check gift is its face value.

B. Employer-sponsored matching gifts

A matching gift may be received from a company or a company funded foundation, matching a gift given to the foundation by an employee, retired employee, or a director of the company, foundation, or other organization.

Matching gifts will be credited to the Annual Fund for the general use of the university, unless restricted or not allowed by the matching company or the employee donor specifically requests that the match be credited to the same fund as the original gift.

The donor's giving record is soft credited for the value of the matching gift when received. Potential matching gifts cannot be entered as a part of a pledge the donor makes for future support since those are not funds the donor has control of or is irrevocably entitled to receive.

C. Publicly-Traded Securities

Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ; corporate bonds; government issues and agency securities may all be accepted by the foundation without prior FPGC approval except in regards to restricted securities, as mentioned below.

The foundation shall sell such securities as soon as possible after the securities have been transferred to the foundation, unless the investment managers of the Endowment or Annuity Pools deem otherwise appropriate. The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the transfer is affected by the donor to the foundation. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS Publication 561.

D. Closely held securities.

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 only be accepted after prior review and approval by the FPGC.

Valuation of closely held securities may be difficult due to infrequent trading which makes it difficult to establish fair market value. If a donation of closely held stock is being considered, IRS Publication 561 should be followed in valuing this type of security. Unless there is an active market for a security, if the value of the gift is estimated to be \$5,000 or more, the donor shall provide a documented appraisal prepared by a qualified appraiser.

The FPGC will consider the marketability of closely held securities before accepting such a gift. It is the intention of the foundation to sell all securities as soon as possible

after the transfer from the donor. If it appears that a gift of closely held securities will take longer than eighteen months to sell the FPGC may decline the gift.

E. 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. They may be accepted only after approval by the FPGC.

If restricted securities are being considered as a gift to the foundation, IRS Publication 561 should be consulted when determining the value of the securities. If the value of the gift is estimated to be \$5,000 or more, the donor shall provide an appraisal report prepared by a qualified appraiser.

F. Mutual Fund Shares

Mutual fund shares may be accepted by the foundation without prior approval by the FPGC.

The fair market value of mutual fund shares can be determined by the public redemption price of the shares on the valuation date of a gift of this nature. If such a price is not readily available, then the value shall be determined as if the shares were untraded securities in IRS Publication 561.

G. Real Property

The foundation may accept gifts of real property, both improved and unimproved, only after review and approval by the FPGC and in consultation with legal counsel.

The FPGC may require the following items in order to review a gift of real property:

- A preliminary title report clear of unacceptable encumbrances, performed by a reputable title insurance company.
- An appraisal by a qualified appraiser.
- A phase one environmental audit indicating that ownership will not expose the foundation or university to environmental liabilities. The FPGC may waive the phase one requirement for non-farm residential properties.
- A market feasibility study for purposes of liquidation.
- An on-site evaluation by a foundation/university development officer.
- Evidence of compliance with ADA (when applicable).
- A structural engineering report (when applicable).
- A review of leases (for commercial properties).
- A disclosure statement for residential properties (when applicable).

Under Treasury regulations, a donor must pay for any initial appraisal made on the property. Unless waived by the FPGC, it is the responsibility of a donor to cover all the costs involved in an environmental impact study, title search and any other related studies.

Special attention shall be given to the receipt of real estate encumbered by a mortgage. The foundation's ownership of such property may give rise to unrelated business

income tax for the foundation and disqualification of certain split interest gifts unless handled in a proper manner.

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

The foundation may accept either a gift of real property with a retained life estate or subject to other interest(s) for terms of years, or other limitations as to timing of the interest or use or sale restrictions only after review and approval by the FPGC.

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

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real property as set forth in subsection 8.E. The foundation shall encourage donors to consult independent tax and/or legal counsel prior to making a gift of this type. The 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 to be violated any environmental laws/ordinances covering this property.

I. Tangible Personal Property

The foundation 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 foundation accepts the gift. Gifts of tangible personal property that are to be used by the university should be donated directly to the university through the Foundation as part of its gift processing procedures.

Authority to accept gifts of tangible personal property estimated at less than \$5,000 has been delegated to the Foundation's Executive Director. Gifts of tangible personal property valued at more than \$5,000 must be reviewed and approved by the FPGC.

No gift of personal property subject to the requirement of ownership in perpetuity shall be accepted without prior approval of the FPGC. No perishable property or property that would require special facilities or security to be properly safeguarded shall be accepted without prior approval of the FPGC.

For tangible personal property with an estimated fair market value of less than \$5,000, the donor must furnish the foundation with the following information:

- Donor's name, address, telephone number and email.
- Contact person if the donor is a corporation.
- Donor's social security number or federal tax identification number.
- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value.

- 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 (when applicable).

For IRS purposes related to substantiating a charitable deduction, the donor must furnish the foundation, in addition to the items listed above, with an independent evaluation of the donated asset from a qualified appraiser prior to the donation of personal property with an estimated fair market value over \$5,000.

A foundation or university employee shall never value personal property for a donor. The value of the gift must be provided by the donor and should be documented with an appraisal, sales receipt, or other independent documentation for all gifts where the value is \$5,000 or less.

J. Bargain Sale

The foundation, upon review and approval of the FPGC and legal counsel, may purchase real estate, securities, or other property on a bargain sale basis.

A "bargain sale" is a sale of property to the foundation for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution.

The purchase price for the property is subject to prior approval of the FPGC. 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 such a gift as set forth in Subsection 8.E. above shall apply.

K. 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 illiquid financial assets may be accepted only upon prior review and approval of the FPGC.

The foundation Development Officer submitting a proposed gift for approval will prepare a written summary of the gift proposal and submit it to the FPGC. At a minimum, the summary shall include the following information:

- Description of the asset.
- The purpose of the gift (e.g., an unrestricted gift, a gift to fund an endowed chair or a deferred gift) and the department(s) or endowment(s) to benefit from the gift.
- An estimate or appraisal of the asset's fair market value and marketability.
- Potential for income and expenses, encumbrances, and carrying costs prior to disposition.
- Any environmental risks or problems revealed by audit or survey.
- Credit history or financial statement of financially responsible party, if applicable; and
- 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 foundation to list the property, etc.)

The FPGC will review the material presented by the Development Officer and either accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information).

13. REFUNDING OF GIFTS

Very rarely, the foundation may deem it necessary to refund a gift, either because it is in the best interest of the foundation to do so or because conditions agreed to in accepting the gift cannot or will not be met. The refund will be processed as a gift reversal and the donor's giving record will be adjusted.

If the donor has filed a tax return claiming a charitable deduction for the gift, it is the donor's responsibility to contact their tax advisor to determine if they need to amend their tax return.

14. GIFTS THAT WARRANT FURTHER REVIEW AND APPROVAL

- A. Gifts of personal property which are not to be used by the university.
- B. All gifts of real or personal property subject to donor restrictions regarding the disposal of such property.
- C. Any bargain sale of property where a gift element is associated with the acquisition of property below its fair market value.
- D. Cash gifts with significant donor restrictions.
- E. All gifts of unusual items or gifts of questionable value.
- F. All gifts that require additional expenditures by the foundation or university.

15. INCOME NOT ACCEPTED AS GIFTS BY THE FOUNDATION

- A. Advertising income.
- B. Appraisal costs.
- C. Contract revenues.
- D. Contract services.
- E. Discounts on purchases, such as the common practice of offering educational discounts, but not to be confused with "bargain sales," which are acceptable gifts.
- F. Earned income.
- G. Expenses associated with transferring a gift.
- H. Gifts to social organizations such as sororities or fraternities, even if they are affiliated.
- I. Government funds whether local, state, federal or foreign.
- J. Revenues received as a result of exclusive vendor relationships, such as "pouring rights."
- K. Non-gift portions of quid pro quo transactions.
- L. Proceeds from sale of merchandise, unless the merchandise is sold as part of a fund-raising program and the charitable portion of the gift transaction is clearly identified.
- M. Royalties for affinity agreements.

- N. Instances where there is a stipulation that a specific student be the recipient of a scholarship or tuition funds.
- O. Memorials that are not intended to remain with the entity to support university programs. For example, requesting memorial gifts for scholarship funds that will belong to the minor children of the deceased.

16. DISCOUNTS ON MATERIALS AND SERVICES

Corporations and/or individuals may offer significant discounts on materials and/or services to the university or one of the universities associated entities.

The entity receiving the discount on materials and/or services may, at its discretion, send a letter of acknowledgement to the 'donor'.

No official receipt will be issued as this is not considered to be a gift under IRS guidelines. The donor's giving record will not be credited. The only exception permitted would be those donations qualifying as bargain sales as described in IRS Publication 526.

17. GIFT USE CRITERIA

While the emphasis should be on encouraging unrestricted gifts in support of the university, donors may restrict the purpose for which a major or planned gift will eventually be used by the university. The foundation prefers that any restrictions are agreed to at the time the gift is established, and such restrictions should be fully documented in a written gift agreement or memorandum of understanding. This document is signed by the Major or Planned Giving Officer and the donor(s). The foundation should attempt to reserve the right in the gift designation agreement to broaden the purpose of a gift should the Executive Director determine at some future date that the purpose for the gift no longer best serves the mission of the university.

18. ESTABLISHMENT OF GIFT DATE AND VALUE

It shall be the responsibility of the donor and the donor's advisors to establish the effective legal date of any gift and the value of the assets on that date. The foundation will recognize the donor's gift date in accordance with CASE standards, or as determined according to IRS Publication 561.

The foundation will assist the donor by providing the amount of the charitable deduction received for a new planned gift, or an addition to an existing gift, based on the foundation's best understanding of the facts. However, the donor should confirm this amount with his or her own advisors. In the case of a gift annuity or a bargain sale involving property other than cash or publicly traded and liquid securities, the foundation has a direct interest in the valuation used and may decide to independently verify the appraisal obtained by the donor.

19. COMMUNITY PROPERTY AND OTHER TITLE ISSUES

Special care should be taken to determine if the gift property is held as community property (or if there is any other party having an interest in or claim to the property). In all cases involving a donor who is married, efforts should be made to determine whether the spouse

has consented to any gift arrangement, especially those planned gifts, in which the spouse is not also a donor and beneficiary, and to secure consent if deemed advisable by the university's legal counsel.

20. PRIVATE FOUNDATION AND OTHER TAX RULES

If a proposed gift arrangement contains aspects that differ from the simplest form of structure that is generally used, the arrangement should be reviewed by the foundation's legal counsel to determine if private foundation rules of the Internal Revenue Code, potentially apply. In particular, attention should be given to the possibility of conflict of interest.

21. PAYMENT OF EXPENSES

Responsibility for payment of various expenses involved in securing and managing planned gifts is as follows:

- Qualified appraisal to substantiate deduction (if necessary)—donor pays the cost.
- Attorney's fee for document drafting and counseling donor—if donor's attorney performs, donor pays the cost; if the foundation's legal counsel drafts a document for the donor and the donor's attorney reviews it, the foundation pays the cost of drafting the document.
- Title search (real property)—the foundation pays the cost.
- Title insurance (real property)—the donor pays half the cost.
- Environmental review (real property)—the donor generally should pay the cost, but this is subject to negotiation and the foundation may pay the cost in appropriate circumstances.
- Appraisal to update the property value once the trust is funded—charged to trust.
- A professional investment firm retained by the foundation manages trust and annuity assets.

Investment management and trust administration fees for these services are charged to the gift arrangement. The foundation reserves the right to charge separate trustee's fees to cover oversight costs.

22. 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 foundation to any party in connection with the completion of a gift to the foundation.

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 conditions the gift on the foundation's agreement to pay such costs. The foundation 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 ethical guidelines. If appropriate, the foundation may agree to cover gift acquisition costs from its operating budget.

C. Administrative Fees

To the extent permitted by law, the foundation reserves the right to levy an administrative fee or trustee fee on gifts, including gifts to endowments, life income plans, and charitable trusts and, generally, where appropriate.

23. CAMPAIGN GIFT COUNTING AND REPORTING

Adherence to Industry Standards

- To ensure the highest possible gift crediting and campaign counting integrity, all charitable contributions to the foundation will be counted and recorded in the WOU Foundation database in accordance with the standards set forth by the Council for Advancement and Support of Education (CASE) Reporting Standards & Management Guidelines for Educational Fundraising.
- Any exception to CASE standards must be approved by the Executive Director of the WOU Foundation.

Types of Gift Reporting

- Fiscal Year Cash and New Fundraising Commitments Reporting
 - a. These reports display year-to-date cash and/or new fundraising (commitments) for a specific fiscal year only (July 1 to June 30).
 - b. Fiscal year cash reports reflect tangible asset transfers to the foundation (e.g., outright cash gifts, pledge payments, and realized bequests).
 - c. New fundraising commitment reports reflect outright cash gifts and new pledges to the foundation, including deferred planned gifts. These reports highlight the impact of donor commitments to the university, including those that will be realized in the future.
- Campaign Reporting

Campaign reporting differs from fiscal year reporting in that fundraising totals span more than one fiscal year. Campaign gift counting periods are recommended by the Executive Director and approved by the foundation's Board of Trustees. The principles for counting gifts during a campaign include, but are not limited to, the following:

 - a. Gifts and pledges received or committed to during the campaign period are counted in campaign totals.
 - b. Certain gifts or pledges received or committed prior to the start of the campaign period may be counted only if the gift or pledge was not counted in a previous campaign, and has been approved for campaign counting by the Executive Director.

- c. The following guidelines apply to the campaign counting of documented bequest intention (BQI) commitments during the campaign:
 - i. If the donor is age 60 or older, the BQI will be counted at face value.
 - ii. If the donor is under age 60, but will be age 60 or older by the end of the campaign period, the BQI will be counted at face value.
 - iii. If the donor will not be age 60 or older by the end of the campaign, then the BQI will be discounted for present value based on the donor's age at the end of the campaign period.
 - iv. The value of any canceled or unfulfilled gift or pledge will be subtracted from campaign totals in the time period the original gift or pledge was recorded.
- Gift Recognition Reporting

The foundation also produces reports demonstrating the impact donors have beyond the legal credit assigned based on IRS regulations. These reports may include all of a donor's cash gifts, as well as pledges and soft credit (e.g., donations through donor advised funds, matching gift companies, and related family foundations). In addition, the face value of documented bequest intentions may be included regardless of the donor's age. These reports may be used to help determine donor eligibility for various forms of recognition (e.g., giving societies), among other purposes.

Clarification on Differences between Financial Accounting and Reporting and Donor-Focused Reporting

- It is important to clarify the distinction between financial accounting, which underlies the financial reporting of gifts following accounting principles generally accepted in the United States of America ("US GAAP") established by the Financial Accounting Standards Board (FASB), and foundation reporting, which is a measure of fundraising activity in accordance with standards set forth by the Council for Advancement and Support of Education (CASE) and approved by the Executive Director. This policy focuses on donor-focused reporting, not financial accounting and reporting.
- The foundation tracks all outright gifts, pledges, and planned gifts received. The intent of donor-focused reporting is to reflect the total impact of fundraising efforts by representing all gifts, including the value of pledges and planned gifts, at both face and present values.
- Gift revenue accounted for in the foundation's financial accounting system and presented in the foundation's audited consolidated financial statements is in accordance with US GAAP and may differ from gifts included in donor-focused reporting for a number of reasons including but not limited to: transfers of assets not recognized as gifts in the foundation's financial accounting system; gifts recognized in different periods than in foundation reporting; and gifts reported at different amounts based on differing methodologies used to value gifts in the foundation's financial accounting system and donor-focused reporting.

24. ROLES AND RESPONSIBILITIES OF STAFF

A. Drafting and review of documents.

The foundation's legal counsel shall be responsible for preparing any trust agreements drafted by the foundation for which it will serve as trustee. If the donor has his or her own attorney prepare the document, the foundation's legal counsel shall review the document before the gift is accepted. The foundation will not review and comment on wills or living trusts except to ensure that the foundation is properly named in the instrument and that proposed restrictions are acceptable and enforceable. The foundation will not draft wills or living trusts for donors.

B. Forms 8283 and 8282.

The foundation shall be responsible for assisting the donor with completion of IRS Form 8283 and shall be responsible for completion and submittal of Form 8282 when the property has been sold.

C. Donor disclosure.

The foundation shall be responsible for providing a donor with appropriate disclosure materials for new planned gifts to meet the requirements of the Philanthropy Protection Act and other legal requirements. The foundation should explain to the donor the terms and operations of the gift, including how it will be invested and administered. The donor should be informed of both the potential rewards and the risks of the investment strategy to be employed.

D. Gift Acknowledgement.

The foundation 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.

E. Ongoing stewardship of planned gifts.

The foundation shall be responsible for ongoing stewardship of a donor with regard to their gift once a gift has been completed. This includes an annual report of investment performance, as well as an annual report on the specific use of any restricted gift, where applicable.

F. Oversight of administration and investment of gifts.

The foundation shall be responsible for oversight of any outside investment managers engaged to administer the foundation's planned gift assets.

25. ADMINISTRATION OF THESE POLICIES

Approval and oversight of these policies is the responsibility of the Foundation Board of Trustees, or the Executive Committee. The FPGC is responsible for the administration of these policies. The FPGC must approve exceptions to these policies.

26. POLICY AMENDMENT AND REVIEW

The FPGC hold the primary responsibility for review and recommended amendments to this policy and must approve any subsequent changes. This policy shall be reviewed annually by the FPGC and whenever it becomes inconsistent with Treasury regulations or

other applicable state or federal laws. To amend these guidelines, a written amendment shall be prepared by the FPGC and submitted to the Board of Trustees for review and approval.



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:

- I. 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.
- J. 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.
- K. To have access to the organization's most recent financial statements.
- L. To be assured their gifts will be used for the purposes for which they were given.
- M. To receive appropriate acknowledgment and recognition.
- N. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- O. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- P. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- Q. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- R. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.



Partnership for
Philanthropic Planning

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.