



Policy Directory

Responsible Division: Institutional Advancement
Responsible Office: ASU Foundation
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Gift Acceptance

Policy:

I. PURPOSE

The purpose of this statement is to articulate the policies of the Board of Directors of the Alcorn State University Foundation, Inc. (the “Foundation”) concerning the acceptance of charitable gifts to the Foundation.

II. RESPONSIBILITY TO DONORS

- A. General. The Foundation, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for Alcorn State University (the “University”)
- B. Confidentiality. Information concerning all transactions between a donor and the Foundation shall be held by the Foundation in strict confidence and may be publically disclose only with the permission of the donor. The Foundation may recognize a donor’s total giving by including their name in the appropriate giving level on an honor roll of donors. (see Donor Recognition)
- C. Anonymity. The Foundation shall respect the wishes of donors wishing to support the Foundation anonymously and will take reasonable steps to safeguard those donors’ identities.
- D. Donor Advisory. The Foundation does not provide legal, financial, tax compliance or other professional advice to donors. While gift officers may provide a perspective donor with gift illustrations, including calculations, and draft documents donors should seek the assistance of their own legal counsel or other professional advisors in matters relating to the legal, tax and estate planning consequences of the proposed gift to the Foundation.

III. GIFT RESTRICTIONS

- A. Unrestricted Gifts. To provide the Foundation with maximum flexibility in the pursuit of its mission, the Foundation shall always accept unrestricted gifts.

- B. Restricted Gifts. The Foundation accepts gifts that are restricted as to their use if the gifts are designated for an activity, endowment, scholarship, established program, or school within the Foundation or the University community.

IV. DONOR RECOGNITION

- A. General. The Foundation may establish criteria for the recognition and honoring of a donor with certain honors or benefits based on various giving levels achieved by a donor and the type of gift. These honors or benefits may include the listing of the donor's name on a roll or plaque of significant donors or the opportunity to receive invitations to donor recognition events.
- B. Buildings and Other Facilities. Except in the case of naming opportunities that appear on a schedule of naming opportunities approved by the Executive Director of the Foundation, development staff shall make no commitments to a donor concerning the naming of buildings or other facilities without the approval of the Executive Director of the Foundation, the Provost and the President of the University.

V. CASH

- A. Cash. Gifts are acceptable in any form, including by check, money order, credit card, or on-line. Donors wishing to make a gift by credit card must provide the card type (e.g., Visa, MasterCard, American Express), card number, expiration date, CVV and name of the cardholder as it appears on the credit card.

VI. PLEDGES

- A. Binding Commitment. The development staff will encourage donors wishing to make their gifts in installments over time to document their commitment to the Foundation in a written Pledge Agreement.
- B. Duration. Unless the Executive Director of the Foundation approves a longer period, the Pledge Agreement will specify the installments in which the gift is to be paid over a period, generally, not to exceed five (5) years. The Foundation is responsible for recording, acknowledging, billing and monitoring the status of all pledges and payments.
- C. Minimum Amount. Pledges payable over more than one year shall be at least \$100.

VII. NAMED FUNDS

- A. General. A donor may establish a named endowment fund or scholarship, subject to the Foundation's endowment, investment and spending policies, for general purposes of the Foundation and University or for restricted purposes approved in accordance with these procedures.
- B. Minimum Contribution. A named fund requires a minimum commitment of \$10,000. It may be established with a minimum initial contribution from the donor of \$2,500 if the donor enters into a Pledge Agreement to bring the endowed fund to a minimum of \$10,000 within a 5-year period. Any variations to this policy require approval of the Executive Director of the Foundation.
- C. Administration of Named Funds. The assets contained within each named endowment fund shall be commingled, invested and administered with the endowment

fund of the Foundation. All polices applied to those endowment funds, including the formula for spending from endowment funds, shall apply to all named funds.

- D. Variance Power. Unless otherwise approved in advance by the Executive Director of the Foundation, the Foundation will reserve the right, in the gift agreement creating the named endowment fund, to broaden or alter the restrictions as to the use of the endowment fund, should it be determined in the future that the original restricted purpose of the named endowment no longer meets the needs or serves the mission of the Foundation or the University.
- E. Termination of Named Fund. A named endowment fund may be terminated, among other reasons, if the Executive Committee of the Foundation, upon recommendation of the Executive Director of the Foundation determines that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named fund shall be transferred to the general endowment fund of the Foundation to be administered pursuant to its terms.

VIII. MARKETABLE SECURITIES

- A. General. The Foundation will assist in the transfer of custody of marketable securities from the donor (or his or her custodian) to the Foundation. If the securities are in street name, the donor's broker may transfer them to a brokerage account designated by the Foundation. If the securities are to be mailed, the stock certificates should be mailed separately from the signed stock power with signature guaranty. If the share certificates are hand delivered, the stock power may be attached.
- B. Restrictions. If the donor is a member of the Foundation's Board of Directors, or a corporate officer of the Foundation, the gift officer will notify the Executive Director of the Foundation for the purpose of determining whether sale of the securities might be restricted under Rule 144 or other provisions of securities law.
- C. Reporting Policy. Gifts of marketable securities will be accounted for at their value on the date the gift is made, determined by taking the mean between the high and low quotes on the date of the gift.
- D. Disposition. The Foundation will instruct its brokers that all marketable securities will be sold upon receipt. The Executive Director of the Foundation is authorized to override this general rule and direct that the securities should not be sold, following consultation with the Executive Committee of the Foundation Board of Directors.

IX. CLOSELY HELD STOCK

- A. General. Stock that is not regularly traded on an established national exchange such as NYSE or NASDAQ may not be accepted without the prior written approval of the Executive Director of the Foundation.
- B. Opportunities. For Sale. Criteria to be applied in evaluating the closely held stock include the long term prospects for the company and if there is an opportunity for the Foundation to sell the stock for cash in the foreseeable future, for example pursuant to a *planned sale of the company*.
- C. Subchapter S. If the company in question is a Subchapter S corporation, other criteria shall be the UBTI consequences of holding and selling the stock.

X. INTERESTS IN PARTNERSHIPS AND LIMITED LIABILITIES COMPANIES

- A. General. Interests in partnerships and limited liability companies may only be accepted with the prior written approval of the Executive Director of the Foundation.
- B. Limited Liability. The principal factor to be evaluated by the responsible gift officer in recommending the gift for approval by the Executive Director of the Foundation shall

be a determination that the Foundation will not incur liability as a result of holding this asset. The Foundation's legal counsel will review the governing documents of the partnership or limited liability company to determine if capital call provisions might require the Foundation to contribute funds to the partnership or LLC. Assuming there are no such capital call provisions, the gift officer must determine that the entity is either a limited liability company or a limited partnership and, if the latter, that the interest that the Foundation will receive is a limited partner interest. The Foundation will generally not accept general partner interests.

- C. UBTI. The Foundation's legal counsel will review the possibility that UBTI will be attributed to the Foundation as a result of ownership of the interest in the partnership or LLC.

XI. TANGIBLE PERSONAL PROPERTY

- A. General. The Foundation may accept gifts of tangible personal property. While the donor will receive acknowledgement of receipt of the property, no value will be assigned in the acknowledgment. A reasonable estimate of the value of the gift will be assigned in the donor's file for donor recognition purposes only.
- B. Related Use. The Foundation must determine if the Foundation or the University for use in its programs will retain the tangible personal property. If so, the gift officer shall determine, with the assistance of the department or office within the University that would be responsible for the continuing use of the tangible personal property, the estimated carrying costs, including insurance, storage, curatorial services, maintenance, etc. for the property. The gift officer shall also evaluate whether any restrictions on use of property that are required by the donor are consistent with the institutional needs of the Foundation.
- C. Unrelated Use. If the property will not be retained for use by the Foundation, a plan for selling the property for cash, including the anticipated time frame and marketing expense for the proposed sale must be determined by the Foundation.

XII. LIFE INSURANCE POLICIES

- A. General. Donors shall be encouraged to name the Foundation as a primary or contingent beneficiary of their life insurance policies.
- B. Recording the Gift. To be recorded as a gift, a Foundation must be named as both a beneficiary and owner of the life insurance policy. The Foundation will also record gifts of cash by the donor to be used by the Foundation to pay premiums on a life insurance policy that it owns.

XIII. REAL PROPERTY

- A. Approval. Acceptance of all real estate gifts requires approval by the Executive Director of the Foundation.
- B. Information. The responsible gift officer shall assist the Foundation staff in compiling relevant information regarding the real estate including:
 1. The copy of the Deed conveying the property to the donor
 2. The copy of the current property tax bill
 3. A preliminary title insurance report
 4. A copy of each promissory note, mortgage, deed of trust or other liens on the property
 5. A copy of each lease or other contract affecting the property
 6. If the property is income producing, a copy of the profit and loss statements for the two most recent years

7. A summary of current insurance coverage for the property
 8. Copies of correspondence with governmental authorities, tenants or prospective purchasers concerning the property
 9. A current market analysis of the property
- C. Environmental Review. If after reviewing this information the Executive Director of the Foundation determines that sale of the real estate is likely to provide significant proceeds to the Foundation he/she shall determine, based on physical inspection of the property, whether further evaluation of environmental hazards on the property is required to protect the Foundation from liability.
- D. Title Insurance. The Foundation shall obtain the policy of the insurance protecting its title to the real property received from a donor.
- E. Remainder in Residence. The Foundation may accept the gift of personal residence subject to the donor's retained life estate. The estimated value of the residence, net of encumbrances, must exceed \$100,000. The retained interest can extend beyond no more than two (2) lives. The gift shall be documented with a deed and life estate agreement approved by the Foundation's legal counsel, with the life estate agreement clearly delineating responsibility for expenses of taxes, insurance and maintenance of the property. While the Foundation should not accept responsibility for contributions for capital improvements such as plumbing or roof repairs, it should retain the right to perform maintenance or make required repairs if the Foundation determines it is necessary to protect its economic interest in the property.

XV. RETIREMENT PLAN ASSET

General. The Foundation will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, a 401(k) plan or a defined contribution plan). The Foundation should obtain a copy of the executed designation form that the donor has submitted to the retirement plan administrator to name the Foundation as the beneficiary.

XVI. OTHER ASSETS

- A. General. Acceptance of any other type of property (art, furniture, personal effects, etc.) as a gift to the Foundation shall require the prior approval of the Executive Director of the Foundation.
- B. Vehicles. The Foundation will generally not accept gifts of automobiles, boats, airplanes, etc.

XVII. CHARITABLE GIFT ANNUITIES

- A. Rates. For charitable gift annuities issued for contributions of cash or marketable securities, the Foundation will utilize the rates published from time to time by the American Council On Gift Annuities. If an annuity will be issued in exchange for a gift of real estate, the real estate will be discounted before applying the ACGA rates by a factor of between 15% and 25% of the appraised value of the property, with the discount factor to be approved by the Executive Director of the Foundation upon a recommendation from the Controller of the Foundation taking into account the anticipated cost of selling the property and the likely carrying costs of the property prior to its sale.
- B. Minimum Gift. For charitable gift annuities with payments starting immediately, the minimum gift shall be \$50,000. For a deferred gift annuity, the minimum shall be \$25,000.
- C. Minimum Age. The minimum age when payments begin for a current or deferred gift annuity (or the earliest age for an annuity providing a flexible starting date) shall be 70.

XVIII. CHARITABLE REMAINDER TRUSTS

- A. General. The Foundation will encourage its donors to establish charitable remainder trusts providing an irrevocable remainder interest to the Foundation, and will assist prospective CRT donors by providing calculations illustrating tax benefits and projecting distributions and by providing a draft of the CRT agreement using a form approved by the Foundation's legal counsel.
- B. Trusteeship. The Foundation shall propose to serve as trustee of a CRT with assets of at least \$50,000 if the annuity or unitrust percentage does not exceed 6%, and the trust names the Foundation irrevocably as a beneficiary of at least 50% of the remainder.

XIX. BARGAIN SALE TRANSACTIONS

- A. General. Bargain sale transactions other than charitable gift annuities may be accepted by the Foundation only with the prior written approval of the Executive Director of the Foundation. Since bargain sale transactions require the outlay of funds by the Foundation, these transactions should be approved only in very limited circumstances.
- B. Use of Acquired Property. One such circumstance involves property that the Foundation or University intends to keep for use in its programs that may be acquired on beneficial terms in a bargain sale transaction.
- C. Marketable Assets. In limited circumstance, the Foundation with the approval of the Executive Committee may consider bargain sale transactions to acquire property that would not be retained for use in the Foundation's programs, if it is determined in the approval process that the property can be sold for cash in a timely manner.

XX. FIDUCIARY RELATIONSHIPS

- A. General. Unless approved in advance by the Executive Director of the Foundation, the Foundation will not agree to serve as executor of a decedent's estate nor as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- B. Trusteeship. The Foundation may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the Foundation's gift annuity program. The Foundation may serve as trustee of charitable remainder trusts, provided that no less than 50% of the remainder interest in the trust is irrevocably dedicated to the Foundation, and the charitable remainder trusts meet the minimum standards established from time to time by the gift planning procedures of the Foundation. The Foundation may serve as trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Foundation will not serve as co-trustee of a trust.

XXI. REPORTING AND VALUATION STANDARDS

- A. Reporting. For campaign and other reporting purposes, the Foundation shall use the Council for Advancement and Support of Education Guidelines for Reporting and Counting Gifts.
- B. Valuation of Planned Gifts. To evaluate the Foundation's planned giving program and to compare the relative value of various planned gift approaches, the Foundation shall utilize the Council for Advancement and Support of Education Guidelines.

XXII. DELEGATION AND APPROVAL OF EXCEPTIONS

Implementation of these policies is delegated to the Executive Director of the Foundation, who shall be responsible for oversight of the acceptance of all gifts by the

Foundation. The Executive Director of the Foundation, who shall report such exceptions to the Executive Committee at its next regular meeting, must approve acceptance of gifts to the Foundation in a manner that is in any way inconsistent with this statement of policy in writing.

XXIII. PERIODIC REVIEW

- A. General. The Executive Committee of the Foundation Board of Directors, of which the Executive Director of the University Foundation shall be a member, shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of the Foundation with respect to acceptance of charitable gifts, and shall propose to the full Board of Directors for adoption those revisions that the Committee shall determine to be necessary or appropriate in order for the Statement of Policy to accurately reflect the policies of the Foundation.
- B. Specified Review. These policies shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by the Foundation, to assure continued compliance by the Foundation with relevant legislation and rules.