

## **NORTHEAST COMMUNITY COLLEGE FOUNDATION GIFT ACCEPTANCE PROCEDURES**

The Northeast Community College Foundation (herein after “the Foundation”), is a duly established Nebraska non-profit corporation exclusively for charitable and education purposes and is an organization within the meaning of Section 501(c) 3 of the Internal Revenue Code. All charitable gifts made to support Northeast Community College (herein after “the College”) are to be accepted by the Foundation on behalf of the College and are to follow the procedures set forth below.

### **I. PURPOSE:**

- A.** Govern the acceptance of all gifts.
- B.** Provide guidance to donors and their professional advisors in completing gifts.
- C.** Define, focus, and strengthen the Foundation’s role in gift administration.

### **II. RESTRICTIONS OF GIFTS:**

- A.** Unrestricted gifts shall be used and applied for the benefit of the College at the discretion of the Foundation Board of Directors.
- B.** Temporarily restricted gifts will be accepted for specific projects, capital improvements or equipment.
- C.** Restricted gifts for endowment shall be held by the Foundation in appropriate accounts and managed according to the terms of the gifts.
- D.** The Foundation is responsible for ensuring that the Board approves any donor-imposed restrictions prior to acceptance. All donations will be designated toward meeting the needs of the College.

### **III. AUTHORIZATION, ACCEPTING OR DECLINING A GIFT:**

- A.** Anyone who wishes to make a gift should contact the Foundation Executive Director. Non-cash gifts and other gifts that are not easily resalable must be approved by the Foundation Board Executive Committee and the ex-officio Treasurer of the Foundation.
- B.** The Foundation shall not pay finder’s fees to brokers in exchange for charitable gifts.
- C.** In consultation with College officials, such as the president, vice president or dean, the Foundation may decline a gift if one or more of the following exist:
  - 1. There are conditions to a gift that are not consistent with the mission, values and objectives of the College or Foundation.
  - 2. The gift could financially jeopardize the donor, College or Foundation.
  - 3. The gift or terms are illegal.
  - 4. The College or Foundation does not have resources to honor the terms of the gift.
  - 5. An appropriate Fair Market Value cannot be determined, or will result in unmanageable expense to the College or the Foundation
  - 6. Physical or environmental hazards exist in the gift.
  - 7. The gift could jeopardize the tax exempt status of the Foundation.
  - 8. Notwithstanding the above, the Foundation Board of Directors has the right to decline any gift at its discretion for any reason.
- D.** Procedure for specific items: if a donor wishes to donate a specific in-kind item not previously identified as approved, the Foundation will seek approval in writing from the appropriate administrator or the College President before accepting. If the donation is contrary to the planning priorities or existing commitment, the Foundation will ask the donor to redesignate the gift. If the donation cannot be made within the parameters of the Foundation goals, the contribution will be respectfully declined.
- E.** Gifts of \$250 or more made to Student Clubs must follow these procedures in order to comply with IRS guidelines. Gifts under \$250 can be accepted directly by the Student Club

following approval of the appropriate administrator(s) per the Fundraising procedures (AP-6170.0).

**IV. ACKNOWLEDGMENT OF GIFTS:**

- A. The Foundation will ensure that a gift is acceptable and acknowledge it as a charitable gift.
- B. Official acknowledgments to donors will be issued in a timely manner. Such acknowledgment will serve as the donor's record for their tax purposes.

**V. NAMED GIVING OPPORTUNITIES:**

- A. The Foundation Board of Directors, working with the Executive Director of the Foundation, College Administration, and select staff and community volunteers may identify naming opportunities for facilities and equipment for the College.
- B. No facilities nor equipment shall be named without the approval of the Northeast Community College Board of Governors and shall follow College Policy (BP-2010) and Administrative Procedures (AP-2010.0).

**VI. TYPES OF GIFTS:**

- A. **Cash:** Personal checks, money orders, credit cards or currency are accepted by the Foundation.
- B. **Matching:** All corporate matching gifts and pledges will be recorded only upon receipt. Any donor whose gift is matched by a corporate contribution will receive soft credit on their account but will receive full credit for the amount of the match for recognition purposes only. The corporate donor will be included in all recognition listings. Corporate matching gifts will be credited to the fund of the employee/donor's original designation unless specifications from the matching company prevent this.
- C. **In Kind:**
  - 1. Solicitation of in-kind gifts for the benefit of the College shall require acceptance from the appropriate College administrator (s). Gifts valued at \$250 or above should follow the acceptance procedures as outlined above.
  - 2. Acceptance must meet the following criteria:
    - a. Consistent with the College's Mission.
    - b. Deemed financially viable. Considerations may include:
      - a. Gift transfer costs
      - b. Gift disposal costs
      - c. Insurance costs
      - d. Maintenance costs
      - e. Potential repair costs
    - c. Potential gifts are consistent with the College's environmental policies and procedures.
  - 3. Valuation and receipting for approved in-kind gift is consistent with the College's Gift Acceptance Policy, BP-6175, and the Foundation's approved Gift Acceptance Procedure. All in-kind gift valuation and reporting standards adhere to the guidelines established in the Council for Advancement and Support of Education (CASE) Management and Reporting Standards.
    - a. Valued at what the institution would have paid if purchased outright.
    - b. An appraisal must be conducted for items estimated at a fair market value over \$5,000. This will typically be paid for by donor, unless otherwise directed by the Foundation Executive Director.
    - c. All in-kind gift valuation and reporting adhere to guidelines established by the IRS.
    - d. Neither the College nor the Foundation assigns a value to the gift for the purpose of the donor's charitable deduction.
  - 4. All approved in-kind gifts valued at \$250 or above are accepted for the College by the Foundation. (For further explanation please refer to VI E below.) The Foundation transfers ownership of all in-kind gifts valued at \$5,000 or greater to the

College at the time of the donation. (*Exception: all vehicles are transferred to the College regardless of value.*)

- D. Securities:** The Foundation will accept gifts of readily marketable securities and will incur the costs relative to their disposal. All readily marketable securities may be sold immediately on the open market; or held and sold over an extended period of time if the Foundation Investment Committee believes sale of all the stock could have a depressing impact of the price of the stock.
1. If held, the securities will be deposited in the appropriate Foundation account at the Foundation's sole discretion.
  2. Stock controlled under the Securities and Exchange Commission Rule 144 will be held until the restriction on the sale expires and then will be immediately sold.
  3. Per IRS regulations, gifts of readily marketable securities are valued at their mean market value on the date of delivery, defined as follows:
    - a. Postmarked date on the packet containing the securities.
    - b. Date the securities are transferred by the donor's broker in the Foundation account, or
    - c. Date the securities are personally delivered to a representative of the Foundation in form ready to transfer.
  4. Losses or gains realized from the sale of securities after their receipt do not affect the value credited to the donor.
  5. Brokerage fees and/or changes in the gift's value prior to liquidation are expenses or income to the Foundation.
  6. Gifts that are not readily marketable will be accepted under the following conditions:
    - a. In the absence of financial information, which would enable determination of book value, gifts of closely held stock will be carried on the Foundation books at \$1.00 or,
    - b. Such securities will be carried at book value as long as audited financial statements are provided to the Foundation so book value can be substantiated.
    - c. Gift of bonds which require a holding period will be accepted and cashed when the holding period has expired.
  7. Securities not accepted are:
    - a. Securities which are assessable or which in any way could create a liability to the Foundation.
    - b. Securities which by their nature may not be assigned (such as Series E savings bonds).
    - c. Securities which upon investigation have no apparent value.
- E. Real or other Tangible Personal Property:** The Foundation will consider acceptance of gifts of real and/or personal property (land, houses or other related use items), subject to approval (in advance of acceptance) by the Foundation Board of Directors Executive Committee.
1. Value must be determined by a qualified independent appraisal acceptable to the Foundation. The appraisal will:
    - a. Provide the Finance Office and auditors a reasonable value at which to carry the asset on the Foundation's books.
    - b. Establish a selling price.
  2. Foundation will request that the donor pay for the appraisal.
  3. The foundation should be willing to wait a reasonable period (one year) to receive an offer in this range.
  4. If the Foundation intends to resell the property quickly (because of high taxes or a sizable mortgage), the prospective donor will be informed.
  5. The Foundation is required by law to notify the IRS of the resale price if the property is sold within three years of gifting.
  6. Persons contacting the Foundation with an offer to donate such items will be referred to the Foundation Executive Director.

F. **Works of Art:** Art, either self-created or purchased, will be accepted by the Foundation. The Foundation retains the sole right to do what it wishes with the donation, including but not limited to, display, storage, or sale.

G. **Miscellaneous Property:**

Other gifts of property will be accepted if it is either usable by the Foundation or readily resalable. Donors are responsible for establishing value for their deduction. In cases where the Foundation keeps the property, it will obtain an estimate so that it can be booked as a Foundation asset.

Other items of property will be accepted if:

1. It is useful to the Foundation and/or College.
2. It is readily salable. In this case, if the Foundation does not believe it will be able to realize the value placed on the item by the donor, the Foundation will inform the donor.
3. Establishment of value is always the responsibility of the donor.
4. Other matters to take into consideration before accepting are cost of transportation, storage, cost of selling, maintenance and repairs, and insurance costs.

H. **Planned Gifts:** To avoid charges of conflict of interest, undue influence, or unauthorized practice of law, all donors of planned gifts must utilize their own legal counsel and/or financial advisor. The Foundation will seek advice from legal counsel and/or auditor at the discretion of the Foundation Executive Director. The Foundation will not pay the fees charged by any professional advising to a potential donor. The Foundation will adhere to the policies and guidelines as outlined in CASE Reporting Standards & Management Guidelines 4<sup>th</sup> Edition and Partnership for Philanthropic Planning (PPP) Valuation Standards for Charitable Planned Gifts. Some pertinent areas of these Guidelines are highlighted below:

1. **Revocable Gifts** may be included in fundraising totals at face value if they are documented, and reported separately from outright gifts and irrevocable deferred gifts.
  - a. The practice of counting revocable gifts is beneficial because it deepens relationships with donors and sets the stage for future support. CASE recommends setting specific goals for revocable gifts at the outset of the fiscal year or campaign. CASE also recommends periodic verification of the gift.
  - b. Appropriate documentation might include a commitment in writing by the donor, attorney or financial advisor, or a copy of the bequest intention, retirement plan, or other source of the gift. It should include assumed value of the gift.
  - c. If a revocable gift is realized or becomes an irrevocable deferred gift during the fiscal year or campaign that it was pledged, the value of the gift should be removed from the revocable category and added to the irrevocable category. If a revocable gift is realized at a future time, only amounts not already attributed to the original year or campaign may be counted at the new time.
  - d. Externally managed irrevocable life income trusts that allow the owner to change the beneficiary should be counted as a revocable gift at face value and in the revocable category.
2. **Irrevocable Gifts** will be reported at discounted present value in accordance with existing IRS methodologies. These gifts may be included in fiscal year/campaign totals at face value, however, both current face and discounted present values should be reported. (Present value is calculated according to the IRS standards.) They should be recorded separately from outright gifts and revocable gifts. CASE recommends this reporting method for the following reasons:

- a. Reporting both values accurately and transparently reflects the funds donated by individuals (face value) and the fundraising activity of the College, as well as the long-term estimated benefit to the College (present value) by a standardized methodology (IRS charitable deduction calculation). In addition, we may want to use the PPP method for calculating the future value in today's dollars based on their investment in the trust.
  - b. In the case of charitable lead trusts, which make contributions over time, the face value of the payment stream should be recorded as a pledge in the year that it is given and annual income should be recorded as pledge payments as they are received regardless of the length of the trust.
  - c. The Foundation shall utilize the Valuation Standards for Charitable Planned Gifts published by PPP.
3. The Foundation will accept the following planned gifts:
- a. **Charitable Bequest** is a written statement in a will which directs that a gift be made to the Foundation upon the death of the person who established the will. State laws vary concerning requirements for a valid will. Donors should always be directed to seek professional legal advice in the preparation of a will and secure counsel on all estate planning issues.
    - a. Specific Bequests – bequeaths a certain dollar amount or certain other property (such as a home, art collection, etc.).
    - b. Percentage Bequests – devises a set percentage, i.e. 5% of the value of the estate.
    - c. Residual Bequests – bequeath assets that remain after all other specific bequests, death taxes and estate expenses have been satisfied.
    - d. Contingent Bequests – devises property only when those named as primary beneficiaries predecease the testator or if the named beneficiaries refuse the bequest provision.
  - b. **Charitable Gift Annuities**
    - a. The Foundation will consider charitable gift annuities within the guidelines and regulations established by Neb.Rev.Stat. 59-1801 et seq., as the same may from time to time be amended. In the issuance of annuities, the Foundation will utilize rates that adhere to or are lower than the rates suggested by the American Council on Gift Annuities.
    - b. In compliance with the Philanthropy Protection Act of 1995, as the same may be from time to time amended, representatives of the Foundation will, prior to the execution of any binding contract for a charitable gift annuity, make a disclosure to the potential donor. This disclosure will be in a form approved by the Executive Committee.
    - c. Property accepted for gift annuities will normally be in the form of cash or readily marketable property. For annuities that involve multiple transfers of stock and/or mutual funds, the date of the gift will be considered the date that ownership of the last asset to be donated is transferred to the Foundation.
  - c. **Insurance** gifts may be accomplished in several ways:
    - a. Donor may name the Foundation as an irrevocable beneficiary.
    - b. Proceeds may be part of a gross estate, with the gift qualifying as a charitable deduction.
    - c. Donor may purchase a policy naming the Foundation as beneficiary, then contribute annually to the Foundation for the annual premium on the policy. This annual donation is a charitable contribution.
    - d. Donor may gift a paid-up policy receiving the charitable deduction equal to the replacement costs of the policy.
  - d. **Trusts**

- a. Encumbrances on property to be placed in a charitable remainder trust must be at least five (5) years old. Income property covered by a mortgage or other indebtedness will not be accepted as an outright gift unless the obligation is at least five (5) years old. Encumbered assets will be reviewed in light of their individual circumstances.
  - b. When a trust is funded with “hard to value” or “non-income producing” property, a net income unitrust will be used. This obligates the trustee to pay only the lower of the specified percentages or trust assets or actual trust income.
  - c. Where income interest is to be retained by the donor, the asset offered must be of sufficient value to produce the income the donor anticipates. Otherwise, the gift will not be accepted.
  - d. When net income unitrusts are used, a separate letter of understanding to the Foundation should be signed by the donor indicating that they understand the income concept of the net income unitrust. The income concept means the donor will receive the lower of the specified percentage of the trust assets or actual income produced by the trust. The letter will also cover such items as problems of marketing the property, etc.
  - e. Trusts should pay all trustee fees. However, where requested by the donors and approved, trust fees may be paid by the remainder beneficiary.
- e. **Retirement Plan Beneficiary Designations:** Designation of the Foundation as beneficiary of donor retirement plans will not be recorded as gifts until the gift is irrevocable. When the gift is irrevocable and payment is due in the future, the value of the gift at the time the gift becomes irrevocable is the amount to be recorded.

**VII. MINIMUM CONTRIBUTION LEVELS:**

- A. Charitable Remainder Trusts:** If the Foundation is to serve as Trustee, the gift must be funded with cash or other assets having a minimum net present value of the Foundation’s remainder interest of at least \$100,000 and must meet the eligibility tests set forth in the IRS Code. All non-charitable beneficiaries must be at least 55 years old when the trust is created; no more than two (2) life beneficiaries shall be permitted. The Foundation Board and staff shall carefully evaluate the assets which fund the trust.
- B. Charitable Lead Trusts:** If the foundation is to serve as Trustee, the gift must be in cash, securities or real estate, having a value sufficient that the net present value of the Foundation’s lead interest is at least \$50,000.
- C. Charitable Gift Annuities:** The minimum gift must be funded with cash or other assets having a minimum fair market value of \$10,000. Any contract to be funded with real property must be reviewed by the Foundation Board. There may be no more than two (2) annuitants and they must be 55 years or older unless circumstances warrant review by the Board to allow deviation from the age requirement. The gift annuity rates shall be established by the American Council on Gift Annuities.
- D. Deferred Gift Annuities:** The minimum gift must be funded with cash or other assets having a minimum fair market value of \$10,000 for the initial annuity contract. There may be no more than two (2) annuitants and in the case of college tuition annuities, only one annuitant. There shall be no minimum age requirement for deferred annuities unless the deferral period is less than five (5) years and the annuitants will be younger than age 55 when payments are to begin, in which case review and approval by the Foundation Board will be required.
- E. Gift of Property Reserving a Life Estate:** The life estate gift may be suitable for older donors with highly appreciated real estate. Donor must provide a written life estate agreement along with a Grant Deed and approval by the Foundation Board is required prior to acceptance. The minimum fair market value of property proposed for the gift, the

stability of the market, the life expectancies of the donors, anticipated expenses and other due diligence, as well as the donors' need for income must allow for a projected minimum residual gift to the College of \$50,000 when the gift matures.

**VIII. ADMINISTRATIVE ISSUES**

- A. The Foundation and staff shall not act as an executor for a donor's estate.
- B. The Foundation may act as co-trustee of a charitable trust when the trust names the Foundation and/or the College as a beneficiary of 50% or more of the trust.
- C. The Foundation will pay for the drafting of legal documents for a charitable remainder trust of which the Foundation is named as a beneficiary of 50% or more of the trust. The donor's own counsel must review the documents at the donor's cost.
- D. Terms and conditions must be agreed upon before an endowment is established; therefore, contact with the Foundation Executive Director for appropriate documentation is required.
- E. In accordance with the Foundation's Investment Policy, a minimum contribution is required to establish a named endowment.
- F. For restricted and endowment funds, if circumstances change, or the donor fails to fulfill the pledge obligation, or the purpose for which the fund was established becomes illegal, impractical, or no longer meets the needs of the Foundation/College, the Foundation may designate an alternative use in the spirit of the donor's original intent for the gift.

- IX. ACKNOWLEDGMENT OF ALL GIFTS:** The Foundation Board of Directors has ultimate responsibility for accepting and acknowledging all gifts made to Northeast Community College and the Northeast Community College Foundation. The Board is also responsible for compliance with the current IRS requirements in acknowledgment of such gifts. IRS Publication 561 covers determining the value of donated property and IRS Publication 526 covers charitable contributions.

Approved at the Foundation Board of Directors meeting on the 28 day of April, 2015.

The Foundation reserves the right to amend this Procedure as necessary to meet the needs and purposes of the College and the Foundation.