

Lees-McRae College Gift Acceptance Policy

Introduction

This gift acceptance policy is established as a general set of guidelines for the evaluation and acceptance of gifts on behalf of Lees-McRae College, its academic, athletic, and scholarship programs, including any special entities officially associated with the College. While the procedures set forth are detailed and specific to the type of gift, they shall be interpreted considering the following overriding principles:

1. A gift shall not be accepted unless there is a reasonable expectation that acceptance of the gift will benefit Lees-McRae.
2. A gift shall not be accepted if such acceptance imposes upon the College overly burdensome administrative costs, creates unacceptable liability, or causes the College to incur future unanticipated or anticipated expenses. Lees-McRae may agree to incur expenditures related to a gift arrangement prior to its execution. As a matter of policy, the donor will be asked to cover such costs if, for any reason, the gift is not finalized. Any costs incurred in realizing the gift will be netted against the gift revenue.
3. A gift shall not be accepted if the gift was acquired by other than legal means, or if clear title to the donated asset does not flow directly from the donor to the College.
4. A gift shall not be accepted if it violates a federal, state, or other law.
5. A gift shall not be accepted if it violates the College's policies.
6. This Policy is intended to provide guidance to the Lees-McRae community regarding the acceptance of prospective gifts to the College. Donors are ultimately responsible for ensuring that the proposed gift furthers their own charitable, financial and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent financial and legal counsel in the gift planning process. It is not within the province of the College nor its staff to give legal, accounting or tax advice to prospective donors.

Tax-deductible donations to Lees-McRae College are generally not refundable. Refunds will be issued in the event of theft or unauthorized use of the instrument to make the charitable gift. The College reserves the right to return tax-deductible donations if a donor is convicted of illegal activity or otherwise engages in conduct that the College determines, in the sole discretion of the College, will materially damage the College's reputation by virtue of the College's association with the donor.

I. Purpose

The purpose of the Gift Acceptance Policy is to provide a set of standards by which gifts are reviewed, accepted, recorded, and receipted by Lees-McRae College. The policy

applies to all gifts of private support received by the College, including departments, programs, and centers.

II. Definition of a Gift

- A. A gift is defined as a complete voluntary transfer of assets from a person or an organization to the College where no goods or services are expected, implied, or forthcoming in return to the donor. Gifts usually take the form of cash, securities, real property, or personal property. The following criteria generally identify a gift:
1. Gifts are motivated by philanthropic intent.
 2. Gifts are transfers of assets to the College's control. The College is not obliged to return unexpended funds.
 3. Gifts are not generally subject to an exchange of consideration or other contractual duties between the College and the donor, except for certain planned gifts as outlined in this policy, although objectives may be stated, and funds may be restricted to specific purposes.
 4. The donor may make a restricted use gift by designating a specific purpose.
 5. Generally, funds received from individuals, family foundations, foundations, corporate foundations, or corporations will be classified as gifts.
- B. The College is guided by standards set forth by the CASE when questions of whether a particular transfer of assets counts as a gift.

III. Gift Designation and Restrictions

- A. All gifts must be directed to a specific gift fund in the Office of Institutional Advancement and Alumni Relation's database of record. The choice of fund will be consistent with the written directions of the donor, which will be archived as substantiation. See Article IV below for information about gift agreements.
- B. A donor may designate both the College recipient (e.g., department or program) as the beneficiary of a gift and a purpose (e.g., scholarship, fellowship, professorship, etc.) for which the gift is to be used.
1. In the case of an undocumented gift to the College of \$500.00 or more (where the donor has not made clear the intent of their gift in the form of what program is to receive the benefit), the College will attempt to contact the donor to determine the gift's intent. If after three unsuccessful attempts, the whole sum of the gift will be accounted for as "undesignated" and will be placed into the College's general fund.

In the case of undocumented gifts in the amount of \$499.00 dollars or less, those gifts will automatically be listed as “undesigned” and will be placed into the College’s general fund.

2. If the donor designates a specific College recipient but not a specific purpose, the gift will be added to the College recipient’s general gift fund, or such other fund as directed by the person responsible for spending gifts to the College recipient.
3. If the donor designates a specific purpose for a gift, the College will either add this restricted gift to a currently existing fund with the same purpose or create a new fund for the specified purpose, as appropriate.

IV. Gift Agreements

A. General Information

1. A gift agreement documents the mutual understanding between a donor and Lees-McRae in relation to the donor’s charitable contribution. A formal gift agreement is generally required for new obligations entered by the College, both for multi-year commitments and outright gifts. Examples include but are not limited to endowed funds; physical spaces (e.g., building, facility, or portion thereof); and academic units, programs, or centers. In general, the terms of any gift should be as flexible as possible to permit the most productive use of the funds over time, while clearly stating the intent of the donor.
2. Information appearing in a gift agreement includes but is not limited to the dollar amount of the charitable gift/pledge; source of gift, the purpose and use of the fund if new and any restrictions; pledge payment schedule; information about the donor and recognition, as well as any other requirements or obligations agreed upon by the donor and the College.
3. Gifts/pledges that are not documented by formal gift agreement generally need to be documented in some other way. A signed letter of intent or College gift/pledge form is generally sufficient documentation for gifts to an established fund where no specifications on how the money will be spent can be made (i.e., annual funds, existing endowed fund).

B. Gift Agreement Drafting

1. Staff in the Office of Institutional Advancement and Alumni Relations draft gift agreements using templates approved by the Vice President for Advancement. Staff are not permitted to make any material changes to those templates without the permission of the Vice President for Advancement and such permission will only be granted in rare circumstances. Any substantial changes to an existing gift agreement must be documented and signed off on by both the Donor and College

with adequate documentation provided to satisfy auditing and best practice purposes.

2. A signed award letter from a foundation or corporation is an acceptable form of gift documentation if it accepts the terms of the original proposal in total and/or documents restrictions on the gift's designation, use, reporting requirements, giving vehicle, contribution schedule, recognition, and/or other obligations agreed upon by the foundation or corporation and Lees-McRae. If available, the gift award proposal and other documentation submitted to the foundation or corporation clarifying the use of the gift must also be attached to the gift record.
3. Wills, trusts, or other estate planning documents are acceptable forms of gift documentation. However, to help ensure the donor's philanthropic intent is fully realized, it is recommended that the donor also have a signed gift agreement or gift confirmation form on file with the College.
4. In accordance with Lees-McRae's commitment to non-discrimination, proposed gift restrictions based on race, color, national origin, sex, handicap or disability, age, sexual orientation, gender identity, religion, creed, ancestry, belief, veteran status, or genetic information are not acceptable.

C. Pledge Payments

1. Pledge payment periods may be up to five consecutive years, with the first payment scheduled within one year of the date of the gift agreement's execution.
2. Pledges from individual donors that may be paid in full or part through a private family foundation must be written in the form of a non-binding statement of intention to prevent the donor or foundation from potentially violating certain provisions against self-dealing under the federal tax laws.
3. Corporate matching gifts cannot be applied as pledge payments to an individual's personal pledge commitment.
4. If a donor is unable to fulfill a gift pledge, Lees-McRae College shall have the authority to retract any naming rights associated with the gift and shall have the authority to direct any remaining money in the donor's fund to an alternative use which comes closest to the donor's original intent.

V. Endowed Gifts

- A. Endowed funds are designed to provide perpetual support to a designated area. To establish an endowed fund, a gift must meet the funding minimum set by the Board of Trustees which is a minimum of \$25,000.

- B. A named endowment fund may be established only after the minimum amount of \$25,000 is established. The first payment must equal to 20% of the value of the total amount being endowed. A named endowment fund may be established by an irrevocable donor agreement through a planned gift. No funds will be accepted for programs or activities that do not have recognized academic and administrative approvals.
- C. If for any reason the donor is unable to meet the minimum gift levels by the end of the five-year period, the funds may be reallocated as outlined in the donor agreement. Endowment gifts under this threshold shall be added to general endowments with comparable use restrictions. Advancement staff shall obtain and maintain adequate documentation of the use restrictions associated with each gift. The gift terms and documentation thereof shall allow the greatest possible flexibility to ensure that the funds remain useful over time and do not become obsolete, inappropriate, or impractical. If, in the opinion of Lees-McRae College, all or part of an endowment cannot be usefully applied to the purpose originally designated (or in the manner requested), the Board of Trustees shall have the authority to use the endowed funds for any purpose within its corporate powers that will most nearly accomplish the purposes, wishes and intent of the donor. The College seeks to balance the following objectives in the management of endowment funds: 1) maintain principal balances; 2) utilize investment earnings prudently and 3) demonstrate stewardship and preservation of the College.

VI. Specific Types of Gift Assets

- A. The College will accept gifts of cash, marketable securities, non-marketable securities, real estate, and gifts of tangible or intangible personal property (gifts-in-kind).
 - 1. Cash Gifts
 - a. Outright cash gifts can take the form of checks, credit cards, wire transfers, or payroll deductions.
 - b. Cash gifts are credited to the donor's giving record at actual cash value.
 - c. Cash may be delivered in person, by mail, by electronic funds transfer (EFT), or by wire transfer.
 - d. Cash gifts are complete on the date the cash is physically transferred to a representative of the College and will be reported by the Office of Institutional Advancement and Alumni Relations on the date the cash is processed.
 - e. Gifts of foreign currency will be accepted. The donor will be provided a receipt once the currency has been converted to US

dollars and after the conversion rates and fees have been applied. The minimum qualifying gift for such conversion is \$100.00.

- f. Recurring credit card payments can be set up online.

2. Marketable Securities (Stocks and Bonds)

- a. The College's preferred broker provides the value of the gift by the stated market value at the moment of transfer.
- b. In most cases, gifts of marketable securities will be sold in due course in accordance with established College practice. It is the College's practice to dispose of marketable securities as expeditiously as possible.
- c. The Office of Institutional Advancement and Alumni Relations will issue a letter of gift receipt on the date of the gift, as well as a description of the securities received as stated within current IRS regulations.
- d. Gifts of mutual fund shares are also acceptable. Transfers of this type may take longer to complete, and the date of the gift will be determined by the date of receipt by the College.
- e. In cases where a stock gift is submitted to pay off a documented commitment, realized funds more than that commitment will be allocated to the same purpose and booked as an outright gift.

3. Real Property

- a. In the question of real estate or other major gifts of assets, each gift will be reviewed on a case-by-case basis to determine the proper fit aligning with the College's financial goals. After the review process is complete and upon approval, the College will work with the donor in due diligence to execute the proper liquidation and stewardship of that gift.
- b. The College may accept gifts of many types of real property such as residential, commercial, rental, vacation properties, farms, timberland and developed or undeveloped land. Gifts of real property shall be free of encumbrance, and carrying costs, such as property taxes, owner/neighborhood association dues, etc., shall not be overdue.
- c. In general, a donor is responsible for all expenses related to protecting their interests in gifts of real estate (such as obtaining a qualified appraisal). The donor is further expected to pay for all expenses associated with the College's due diligence process.

- d. A gift of real estate may be declined by the College if it is deemed unfeasible. Feasibility will be determined through the College's due diligence and review process and will be at the sole discretion of the College. The College may deem a potential gift of real estate unfeasible because of several factors the College must consider, including but not limited to:
 - i. Foreign ownership laws
 - ii. Estimated costs to evaluate and accept the real estate (exceeds a net value threshold)
 - iii. Environmental or other liabilities
 - iv. Condition of real estate
 - v. Estimated carrying costs for the real estate (exceeds net value threshold)
 - vi. Lack of marketability of the real estate
 - vii. Low valuation of the real estate
 - viii. Tainted property
 - ix. Conflict of interest

4. Gifts of Tangible and Intangible Personal Property (Gifts-in-Kind)

- a. The College may accept gifts of many types of tangible and intangible personal property. Examples of gifts of tangible personal property include, but are not limited to automobiles, boats, art, jewelry, furniture, antiques, rare books, manuscripts, and lab equipment. Examples of gifts of intangible personal property include, but are not limited to computer software, royalties, patents, and copyrights. The College cannot issue letter of gift receipt in incidences where the donor receives a direct benefit, as well as for expenses we would typically not incur in the normal course of business.
- b. Before recording a gift-in-kind, the College is required to obtain documentation from the donor stating that the gift has been given to the College and will not be required to be returned. Typical documentation includes: a signed and dated letter from the donor acknowledging the gift, including fair market value (FMV); a full description of the item; a completed and signed Internal Revenue Service (IRS) Form 8283 (for gifts with a FMV of \$500 or more); and a completed appraisal from a qualified outside appraiser if the

value of the gift is \$5,000 or more. The donor will be solely responsible for covering the cost of any qualified appraisal.

- c. The gift acknowledgement issued to the donor for a gift of personal property will not show a value for the property. The receipt will describe the property received, and the donor's giving record will be credited with the estimated fair market value of the item, if appropriate. It is the responsibility of the donor to determine the value of a gift of personal property for tax purposes.
- d. Gifts of artwork and other assets of antiquity may be subject to additional review and will require a separate appraisal at no cost to the College. The donor will be solely responsible for covering the cost of any qualified appraisal.
- e. The IRS has specific reporting requirements for the disposal of property received as gifts. Specifically, gifts valued at \$500 or more, which are disposed of within three years of the date of the gift, are subject to reporting to the IRS on Form 8282.
- f. If there is any question about the acceptability of a potential gift of tangible or intangible personal property, the Vice President for Institutional Advancement should be consulted before proceeding.

B. Employer-sponsored Matching Gifts

1. A matching gift may be received from a company, or a company funded foundation, matching a gift given to the College by a donor or donor's spouse who is eligible for this benefit under their company's matching gift policy.
2. Matching gifts will be credited to the same account(s) in the Office of Institutional Advancement and Alumni Relations database of record as the original gift unless restricted by the matching company.
3. Matching gifts cannot be entered as a payment on a personal pledge made by an individual, as the funds are not under direct control of the donor but may be soft credited to the donor.

C. Donor-Advised Funds

1. Donor-advised funds (DAFs) are philanthropic vehicles established at public charities that allow donors to make charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time.

2. Gifts to the College from DAFs are typically accepted in the form of checks or electronic fund transfers and processed accordingly.

D. Planned Gifts

1. These gifts are either irrevocable (cannot be changed by the donor once the gift is made) or revocable (can be changed by the donor at any time).
2. Charitable Gift Annuities
 - a. A charitable gift annuity provides fixed payments for an annuitant for life in exchange for a gift of cash or securities. The payments are backed by the general resources of the College. Upon the death of the annuitant(s), the residuum of the annuity will be used by the College as directed by the donor.
 - b. The donor may not name a beneficiary of the annuity after his or her death.
 - c. The required gift minimum to establish gift annuities is \$50,000.
 - d. The required minimum age of the annuitant(s) for a charitable gift annuity is 70.
 - e. The required minimum age of the annuitant(s) for a deferred or flexible charitable gift annuity is 60 and the annuity cannot begin making payments until the annuitant(s) reaches age 70.
 - f. The College will follow the gift annuity rates suggested by the American Council on Gift Annuities (ACGA) as a maximum. However, for ages where the suggested ACGA rate is significantly higher than the rate of return on the College's gift annuity pool, donors may be asked to accept a rate lower than the suggested ACGA rate in order to maximize the residuum.
3. Charitable Remainder Trusts
 - a. A charitable remainder trust provides payments for either the life of the beneficiary or for a set period. The trust payments are either the same amount each year for a charitable remainder annuity trust, or, for a charitable remainder unitrust, the payments will fluctuate from year to year based on the value of the trust's assets. When the trust term ends, its remaining assets are transferred to the College for use as directed by the donor.
 - b. The College may accept gifts of a remainder interest in charitable remainder trusts.

- c. The College may serve as trustee of a charitable remainder trust with the following provisions:
 - i. Lees-McRae College is named as a beneficiary of at least 50% of the remainder.
 - ii. The required minimum to establish a charitable remainder trust is \$250,000.
 - iii. The preferred number of beneficiaries in addition to Lees-McRae College is two (2). If that number is exceeded, the College waves its requirement to serve in trusteeship.
 - iv. The maximum annuity or unitrust rate is 6%.

4. Charitable Lead Trusts

- a. A charitable lead trust provides annual payments to the College over a set period. Income may be designated to facilities or endowment and will be recognized and credited at the full payout value for the entire period during which the income is pledged and paid to the College. The remaining trust assets are transferred at the end of the trust term to the donor or whomever the donor chooses.
- b. The required minimum to establish a lead trust is \$500,000.
- c. The College may accept designation as the beneficiary of a charitable lead trust.
- d. Due to the potential for liability, the College may accept an appointment as trustee of a charitable lead trust only upon review of all relevant circumstances and approval by the Vice President for Institutional Advancement and Vice President of Business Affairs/CFO.

5. Life Insurance

- a. The College may accept a designation as beneficiary and owner of a life insurance policy. Any such gift of unstated value shall be listed at the minimum rate of \$1,000 for internal expectancies tracking purposes until full realization.
- b. Fully paid life insurance policies assigned to the College will be credited at the cash surrender value of the policy as irrevocable gifts.
- c. The College will not accept policies where the College is obligated to make any future premium payments unless the donor commits to

making annual gifts to cover such payments and/or understands that the College may unilaterally exercise its right to surrender the policy for its cash surrender value. Irrevocable gifts of life insurance with ownership transferred to the College will be credited the cash surrender value of the policy with future premiums paid by the donor credited annually.

6. Bequest Intentions

- a. The College will accept and retain documentation of bequest intentions regardless of revocability or the age of the donor. Any such gift of unstated value shall be listed at the minimum rate of \$1,000 for internal expectancies tracking purposes until full realization.
- b. Revocable and irrevocable bequest commitments of those 55 and older will be recorded and credited as a good faith estimate of the bequest amount; however, written documentation from the donor or donor's attorney is required.
- c. Realized bequests will be credited at the value established during the administration of the estate or the fair market value on the date of the payment.

VII. Special Circumstances and Exceptions

Any special circumstances or requests for exceptions must be referred to the Vice President for Institutional Advancement, who will determine the best course of action, which may include consultation with the President and Board of Trustee Leadership.