

Owens Community College Foundation Gift Acceptance Policy

OWENS COMMUNITY COLLEGE FOUNDATION

GIFT ACCEPTANCE POLICY

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OWENS COMMUNITY COLLEGE FOUNDATION

GIFT ACCEPTANCE POLICY

Approved by the Board on February 16, 2011

PREAMBLE

OWENS COMMUNITY COLLEGE FOUNDATION (the "Foundation") is an Ohio nonprofit corporation that develops and provides resources to advance the mission of the Owens Community College to serve its students and the community. The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, classified as a public charity eligible for charitable contributions tax deductions under Section 170(b)(1)(A) of the Internal Revenue Code.

The Foundation has established a fund development program to further the charitable purposes and mission of the Foundation. Specifically, the Foundation seeks to assist donors in meeting their charitable goals and support their interest while benefiting Owens Community College. This requires an active effort on the part of the Foundation Board and the Foundation staff to enrich existing programs and fund new services by presenting donors opportunities offered by the Foundation and to respond promptly and appropriately to the needs and circumstances of donors and prospective donors to the Foundation.

The Foundation perceives philanthropy to entail both the gifting of assets for charitable purposes and the use of those assets to create meaningful impact. The Foundation thus encourages individuals, families and businesses to become effective and strategic philanthropists. The Foundation achieves this by helping donors concentrate on and learn about the issues of most importance to them and to address those interests in creative and significant ways. In accomplishing its mission, the Foundation seeks to increase donor satisfaction with philanthropy and, more importantly, increase the influence of a donor's giving.

ARTICLE I

PURPOSE

The purpose of this gift acceptance policy is to assist donors, their professional advisors and Foundation staff in completing gifts to the Foundation. This policy will address the types of gifts that may be received by the Foundation and the proper documentation required for the acceptance of the gift.

ARTICLE II

USE OF ADVISORS

Donor's Advisors. Foundation staff will encourage prospective donors to have the terms of proposed donor fund agreements (and other documents related to a proposed gift) reviewed by the donor's own legal or financial advisors and encourage donors to seek professional advice regarding all tax-related matters. It will be the responsibility of the donor(s) to obtain any necessary appraisals, file appropriate tax returns and defend against any challenges to claims for tax benefits.

Foundation's Advisors. Foundation staff shall seek, through the Executive Director, the advice of legal counsel when appropriate in matters pertaining to its development program. Legal fees incurred by the Foundation in accepting or liquidating an asset will be charged to the donor or netted from the gift. All contracts and other legal documents relating to the development program will be reviewed by the Executive Director prior to execution of the agreement.

ARTICLE III

CONFLICT OF INTEREST

The Foundation will comply with the "Model Standards of Practice for the Charitable Gift Planner" promulgated by the partnership for Philanthropic Planning (formerly, the National Committee on Planned Giving). It is the policy of the Foundation staff to guide or otherwise assist donors who wish to make a charitable gift. Donors should be made aware of the irrevocability of the gift, if applicable, and shall specifically outline the limitations, if any, on the part of the donor or the Foundation, if applicable. The donor should also be advised that it is the donor's responsibility to obtain any necessary appraisals, file appropriate tax returns and defend against any challenges to claims for tax benefits.

ARTICLE IV

THE RIGHT TO DECLINE A GIFT WITH RESTRICTION

The Foundation reserves the right to refuse any gift that it believes is not in the best interests of the Foundation. In conformity with Treasury Regulations, the Foundation will refuse any gift that is directly or indirectly subjected by a donor to any material restriction or condition that prevents the Foundation from freely and effectively employing the transferred assets, or the related income, in furtherance

of its exempt purposes. All gifts not specifically restricted by a donor in a written agreement accepted by the Foundation shall be considered to be unrestricted and part of the general fund of the Foundation.

ARTICLE V

CREATION AND ROLE OF GIFT REVIEW COMMITTEE

The Gift Review Committee. A Gift Review Committee shall be established to assist in the review of gifts where necessary. The Gift Review Committee (the "Committee") shall consist of the Executive Director, the Chairman of the Board of the Foundation, the Treasurer of the Board of the Foundation and the General Counsels of the College and the Foundation.

The primary responsibility of the Committee shall be to review (and determine action on) proposed gift transactions which: (a) the Executive Director refers to the Committee; or (b) consist of assets that require Committee review as indicated below in Paragraph 6.1. The Committee may consider the issues involved through meetings, telephone discussions, mailings or other appropriate means.

The Executive Director shall be authorized to carry out decisions made by the Committee. If, in the judgment of the Committee, a potential gift falls outside the parameters outlined in this Policy, the Committee may refer consideration of the potential gift to the full Board of the Foundation.

Acceptance of Gifts Without Committee Review. The Executive Director (or other appropriate development staff member authorized by the Executive Director) may accept any gifts that do not require Committee approval (as outlined below in Article VI) without further review or approval by the Committee or Board of the Foundation.

ARTICLE VI

GIVING OPPORTUNITIES

Types of Gifts and Their Approval. Proposed gifts to the Foundation require approval as follows:

Gifts That Do Not Require Committee Review. (Legal counsel review might be necessary to accept some of these types of gifts.)

- Cash/Checks
- Credit card
- Life insurance beneficiary designations
- Marketable Securities (publicly-traded stock)
- Retirement plan beneficiary designations
- Testamentary and planned gifts
- U.S. Savings Bonds

Gifts Requiring Committee Review.

- Real Property
- Gift of Remainder Life Interest in Property or Farm
- Other property that may be unusual or fall outside the type of gifts usually handled by the Foundation, including tangible personal property unrelated to the Foundations charitable purpose.
- Where, in the opinion of the staff, there may be concerns about unusual risk for the Foundation, the Foundation's need to hold asset for a considerable period, public relations opportunities or liabilities or other questions which indicate that a review by the Committee would be prudent. The name of the donor might need to be withheld from the Committee in order to protect confidentiality.

Gifts Requiring Review by Legal Counsel. The following gifts must be reviewed by legal counsel prior to acceptance:

- All gifts of real property or interests in real property
- Bargain sales
- Tangible and personal property related to Foundation's purpose
- Interests in business entities (closely-held stock, partnership interests)

ARTICLE VII

GUIDELINES FOR ACCEPTING SPECIFIC GIFTS

Cash and Credit Card Gifts. Cash and credit card gifts may be made and accepted as follows:

Gifts by Check. Checks should be made payable to the Foundation. The donor, in the note section or in a cover letter, should specify any special restriction for the use of the funds.

Gifts by Wire Transfer. Large sums may be wire transferred directly to the Foundation bank account. The Foundation should be informed in advance of a planned wire transfer so that it can ensure it is credited to the correct fund and donor.

Credit Card Gifts. The Foundation accepts gifts of Visa and MasterCard by phone or through the Foundation's website. To make a gift by phone the donor should contact the Executive Director of the Foundation. To make a gift through the website the donor should go to <https://www.owens.edu/foundation/giving.html>.

Year-End Gifts. To qualify as a tax deduction in a given year, a cash gift must be postmarked or hand-delivered by December 31st of that year. Credit card gifts must be actually charged by December 31st. Donors should consult their financial institution regarding the delivery time of wired transfers.

Life Insurance. Gifts of life insurance enable a donor to make a future major gift to the Foundation at a relatively modest cost. Gifts of life insurance can occur in one of three ways:

- Contributing a paid-up policy and designating the Foundation as the owner and beneficiary of the policy.
- Contributing a partially paid policy and designating the Foundation as owner and beneficiary. Donors make tax-deductible charitable contributions to the Foundation that may be used to pay the remaining policy premiums.
- Designating the Foundation as a beneficiary on a policy of life insurance owned and maintained by the donor.

General Guidelines.

If the Foundation becomes the owner and beneficiary of the policy, Donor will execute a Donor Fund Agreement specifying the gift, the obligation to pay continued premiums and the obligation of the Foundation. If the donor contributes future premium payments, the Foundation will recognize the entire amount of the additional premium payments as a gift in the year it is paid. Policies continuing on a premium-paying basis will be maintained as such by the Foundation so long as gifts are made to the Foundation in the amount of the premiums due. If such premium gifts are not received, for any reason the Foundation may elect from the following options:

- The Foundation will continue to pay the premiums.
- Surrender the policy in exchange for its cash surrender value.

Contributions to premium-due policies must be made by direct payment to the Foundation at least ten (10) days

prior to the premium date unless other arrangements have been agreed upon by the Foundation and donor in the donor fund agreement.

The Foundation reserves the right to accept or decline a gift of life insurance and reserves the right to review any policy with the Committee.

Exceptions to these policies may be made by the Executive Director in consultation with the Committee.

Donors are encouraged to consult their own advisors concerning the type of insurance policy to purchase and the tax deductibility of the gift.

Upon Accepting a Gift of Life Insurance Policy.

The donor or the insurance company will provide to the Foundation the following information:

- Name of donor or name of insured if different from the donor
- Insured's date of birth
- Date of gift
- Face value of policy
- Type of policy
- Cash surrender value
- Timing and amount of premium payments
- Name, address and contact information for insurance company
- Account number of policy
- A copy of the insurance policy when available.

Marketable Securities. (Stocks, Bonds and Mutual Funds)

Publicly Traded Securities Held in a Brokerage Account. Securities held by a broker may be delivered electronically to the Foundation brokerage account. The Donor should contact the Executive Director when making this type of gift. The Donor should notify their broker of the gift and provide the broker with the contact information of the Executive Director. For crediting purposes, the gift will be credited the fair market value, which is the mean between the high and the low on the date of delivery.

Publicly Traded Stock in Certificate Form. Donor will need a signed stock power and letter of authorization for each stock certificate donated. The gift amount will be credited on the date the stock is delivered. For crediting purposes, the gift will be credited the fair market value, which is the

mean between the high and the low on the date of delivery.

Retirement Plan Assets. Retirement plans assets (such as Individual Retirement Accounts (IRA's), 401-(k), 403-(b) and defined contribution plans) can make excellent charitable gifts. Annuity plans, such as defined benefit plans, in which retirement benefits are paid out as income and principal does not accumulate, generally cannot be used for charitable gifts. Donors are encouraged to consult their advisors before designating a gift. Methods for gifting retirement assets include:

- Naming the Foundation as the primary, successor or contingent beneficiary for all or part of the assets upon the death of either the participant or the spouse.
- Creating a testamentary charitable remainder trust with the assets upon the death of the participant and naming the Foundation as the remainder beneficiary and non-charitable heirs as income beneficiaries.

Tangible Personal Property. Gifts of tangible personal property include such gifts as boats, airplanes, automobiles, artwork, antiques, collectibles, rare books, stamp and coin collections, furniture, equipment, jewelry, gems, metals, etc.

Related Use and Deductibility of the Gift. When gifted to the Foundation, these gift items are deductible at full fair market value as determined by a qualified appraisal if the use of the contributed property is related to the tax-exempt purposes of the charity. If the use of the contributed property is unrelated to the tax-exempt purposes of the Foundation such as gifting a stamp collection to the Foundation to sell and use the proceeds, then the donor is entitled to a charitable deduction only for his/her cost basis for the property. The Foundation will make the decision as to whether the property is put to a related use for the benefit of the Foundation's exempt purpose. The donor is encouraged to consult his/her financial advisor as to tax related issues concerning gifts of tangible personal property.

Appraisals and Reporting. Gifts to the Foundation of tangible personal property valued at \$5,000 or more require an independent appraisal, as defined by the IRS, dated not more than 60 days before the date of the gift. The appraisal is attached to IRS Form 8283 and reported by the donor on the donor's income tax return. The appraisal is at the donor's expense. If the Foundation

sells the property within two (2) years of the date of the gift, the Foundation will report the sale on IRS Form 8282 informing the IRS and donor of the sale as required by law.

Sale of Property by the Foundation. Unless the property is to be used in connection with the exempt purpose of the Foundation, it will be sold at the highest possible price as soon as possible after conveyance. No commitment will be made to keep gifts of personal property. The Foundation discourages gifts of personal property which cannot readily be sold or which require unusual expenses prior to sale.

Gifts of Art by the Artist. Artists contributing their own work can only deduct the cost of their materials in creating the work of art. This is true even if the work of art is contributed and put to a related use.

U.S. Savings Bonds. It is possible to make gifts of U.S. Savings Bonds but care must be taken to avoid taxable income. The most common denominations that donors hold are Series E, Series EE and Series H savings bonds. Much of the value of savings bonds is made up of untaxed accumulated interest. Lifetime charitable gifts of savings bonds are not desirable because the transfer of ownership causes the donor to be taxed on the interest income. Charitable bequests of savings bonds are much more attractive, especially when compared to bequests of savings bonds to family members. Not only are savings bonds includible in a decedent's estate for federal estate tax purposes, but also the estate or noncharitable beneficiary of the bond is taxable on the previously untaxed interest when the bond is sold, redeemed or reaches maturity. The easiest way to make a charitable bequest of savings bonds and avoid the taxes is to have the donor's will specifically identify the Foundation to have the right to receive the savings bonds as a distribution from the decedent's estate. The Foundation cannot be named as a co-owner or as a surviving beneficiary according to current tax laws.

Interest in Business Entities. Donors may make gifts of interests in business entities, i.e., closely-held stock. Gifts of closely-held stock received by the Foundation can be deducted at full fair market value up to 30% of the donor's Adjusted Gross Income (AGI). Interests in business entities can be accepted by the Foundation. In evaluating a gift proposal of such assets, the Foundation may consider the probability of conversion to a liquid

asset within a reasonable period of time, projected income that will be available for distribution, additional administrative time and cost required (as in accounting for Unrelated Business Income Tax) and the nature of the business from which the asset is derived. There are excellent tax incentives for contributing stock or other ownership of closely-held businesses to fund the Foundation. If some or all of the stock can be contributed to the Foundation before the terms of a sale of the businesses are completed, considerable financial resources can be made available for charitable purposes at the lowest after-tax cost to the donor.

Application and Reporting. Donor will be responsible for obtaining a qualified appraisal complying with IRS regulations for the purposes of establishing the value of the gift for federal income tax purposes, including preparation of IRS form 8283.

Documents of Transfer. Donor will prepare the appropriate instruments which are necessary to transfer the stock to the Foundation. All proposed transfer instruments must be reviewed by the Foundation legal counsel prior to acceptance by the Foundation.

Sale. In negotiating the sale of closely-held stocks, a fair market value (price per share) will be established at the time of the sale. Absent a clear indicator of the market value of a closely-held stock (e.g., a recent sale of the stock), the Foundation would expect an offer for purchase to be accompanied by a recent independent appraisal complying with IRS regulations (completed within sixty (60) days) with ten (10) days notice; or thirty (30) days notice if no recent appraisal is available. These expectations are guidelines only; the Foundation understands that circumstances may occasionally arise that would make these notice provisions impractical.

Value. The Foundation will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction. The acknowledgement letter to the donor will state the number and name of shares gifted but will not state a value. The donor will be advised that if the property listed on IRS Form 8283 is sold, liquidated, or otherwise disposed of within two years of receipt, the Foundation is required to file a separate report within 125 days with the IRS on IRS Form 8282 and disclose facts about the disposition.

Gifts of Real Estate. Gifts of real estate can be deducted at full fair market value up to 30% of the donor's Adjusted Gross Income (AGI). The Foundation wishes to retain maximum flexibility for itself and donors in the acceptance and sale of real property. The Foundation recognizes certain unique issues associated with real property, and wishes to convey its general expectations to donors.

General Policies for Accepting Real Estate:

- One of the primary considerations in acceptance of real property is its value relative to its marketability. The property must be without environmental concerns and generally readily marketable (goal is to sell within one year).
- Donors will cover all expenses incurred in the acceptance of the gift and with the maintenance and liquidation of a real estate gift. Donors should consult with their advisors as to the tax deductible nature of such expenses.
- Generally, donated properties must be in material compliance with all applicable zoning, land use, building and health code and other laws, rules and regulations, and where appropriate, a certificate of occupancy must be provided for improved properties.
- The Foundation normally will not accept real estate encumbered by a mortgage or other liens. The Foundation will consider accepting encumbered property if it determines that the property can be sold for sufficiently more than the aggregate amount of all encumbrances and associated costs, thus warranting the additional risks and costs. The Foundation normally will not accept property which is encumbered by a level of debt that may unduly burden the Foundation or adversely affect the marketability of the property. The donor may be required to indemnify the Foundation against any liabilities associated with the property. A gift of encumbered real property may cause adverse tax consequences to the donor. Legal advice should be sought by the donor.
- The Foundation will weigh carefully its ability to manage the property for the time necessary to sell the property. Acceptance of income-producing property may subject the Foundation to unrelated business income tax, so such properties must be

considered carefully. Accepting a property with ongoing expenses may also be inadvisable. The location of the property, relative to its supervision and management, will also be considered.

- The Foundation will take into account the depreciation of real estate in considering gifts offered. If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor will be responsible for making any recapture payments to the IRS. Likewise, property taxes must be paid by the donor until the date of transfer of the property.
- Property with multiple owners will be accepted only if all owners of the property agree in writing to the gift.
- The Foundation's general policy is to sell property upon receipt. At the time of the sale of the property, the sale proceeds, net of any costs of selling, holding or maintaining the property, shall be credited to the Foundation. For purposes of tracking for management, all gifts of real estate shall be credited at fair market value.
- The Foundation reserves the right to accept or decline any gift of real estate. Exceptions to the policies for accepting gifts of real estate may be made with approval of the Committee.

Procedures for Accepting Gifts of Real Estate. A gift of real estate must be approved by the Committee. The Committee's approval or denial of a potential gift need not occur at a meeting. In order to make an informed decision the Gift Acceptance Committee will require the following:

- Potential donor's completion of Real Property Inquiry Form.
- A visual inspection of the property by an individual selected by the Executive Director.
- An independent appraisal according to IRS guidelines.
- The donor must furnish to the Foundation evidence of title which shows the title to the property is free and clear except for current real estate taxes and restrictions of record which would not create any economic burden on the Foundation. The Foundation

may request that the donor purchase title insurance as a condition of acceptance.

- Because a nonprofit can be held liable for environmental problems with the property, a Phase I Environmental Site Assessment must be done for all gifts of real estate. Based on the results of the Phase I, remediation of property and further assessments may be required. All costs associated with environmental issues must be paid for by the donor. The donor may be asked to indemnify the Foundation from all liabilities.
- In general, the Foundation will require that title be conveyed to it by a general warranty deed. The proposed deed or transfer instruments must be reviewed by the Foundation's legal counsel.
- Review of all pertinent documentations such as home owners association by-laws, etc.
- Copies of all surveys, if requested.
- Proper market and financial analysis to determine whether gift is a financial sound acquisition for the Foundation. This is usually obtained through the appraisal and through conversations with real estate professionals and the donor.
- Prior to acceptance of the property, the Foundation and the donor must agree in writing on arrangements for paying expenses associated with the property. In general all expenses associated with accepting the property, managing, maintaining and selling the property are paid for by the donor. Generally, the Foundation will not advance funds for payment of such expenses. Expenses could include but are not limited to: appraisal, environmental assessments, legal fees related to the transfer, title insurance, HOA fees or assessments, property insurance, brokerage fees, inspections and repairs.
- Legal review of all pertinent materials by the Foundation legal counsel.
- The Foundation will provide an acknowledgement of the gift. It is the donor's responsibility to determine a value for the gift based on IRS guidelines. The Foundation will sign IRS form 8283 as prepared by the Donor and signed by the donor and a qualified

appraiser. If the Foundation sells the property within two years, the Foundation must file IRS form 8282 informing the donor and the IRS of the amount for which the property sold.

- In most cases the Foundation will try to sell the real estate as soon as possible. The Foundation will make arrangements as soon as reasonably possible with a qualified real estate professional to sell the property.
- While it is hoped that the sale will equal or exceed the appraised value, the Foundation cannot guarantee that this will occur. The terms of the sale will take into account such factors as the current market conditions, the cost of holding the property by the Foundation and the length of time the property has been held by the Foundation. The Foundation reserves the right to sell the property for what it deems to be an appropriate value.

Tax Issues for Donors.

- Written agreements to sell the real estate to a specific buyer made by the donor prior to gifting to the Foundation could jeopardize the donor's charitable deduction.
- Depreciation taken on long-term capital gain real property, to the extent it exceeds straight-line depreciation may be "recaptured" and taxable as ordinary income to the donor. The remaining depreciation may be "recaptured" and taxed at a 25% tax rate.
- Long-term capital gain property is deductible at its fair market value up to 30% of Adjusted Gross Income (AGI).
- A donor may elect to deduct the "cost basis" of the gift property up to 50% of AGI, rather than deduct the fair market value of the property (subject to a limitation of 30% of AGI).
- Short-term capital gain real property (held for one year or less) is deductible at cost, subject to the 50% AGI limitation.
- Appraisals usually need to be dated within 60 days of the date of the gift.
- Donor may be able to deduct the costs of the appraisal and Phase I on their income tax returns.
- Donors should consult legal and tax advisors before making gifts of real estate.

Bargain Sales. As the name implies, a bargain sale occurs when a donor, who intends to make a charitable contribution, sells property to charity for less than its fair market value. When such a sale is made to the Foundation, the transaction is viewed as part sale and part charitable donation. The excess of the fair market value over the sales price is the measure of the gift to the Foundation. The most common type of bargain sale occurs when a donor makes an actual sale of property to charity in exchange for cash or an installment note. However, bargain sales also can arise when a donor transfers property to charity in exchange for like-kind property of lesser value, or when a donor transfers property to charity that is subject to indebtedness thereby being relieved of the obligation.

- Tax Benefits. Bargain sales to charitable organizations offer two major tax benefits:
 - » a charitable deduction for the bargain element (the difference between the sale price and the fair market value of the property), and
 - » reduction of the tax that would be payable if the property was sold for its full fair market value.

Bargain sales may be attractive if a donor wishes to donate part of a large item of property that is not easily divided, e.g., real estate, and receive cash for the remaining portion.

A bargain sale to a charitable organization is divided for tax purposes into two transactions: a sale and a charitable gift. The donor's basis in the property must be allocated between the sale and gift in proportion to the respective fair market value of each portion (IRC §1011(b)). As a result, the donor will be taxed on the difference between the sale price and the portion of the basis allocated to the sale.

- Procedures for Acceptance. Donor must follow the general real estate acceptance procedures with an independent appraisal done at donor's expense.

Retained Life Tenancy. Through a life estate contract, a donor donates a life interest in a home, second home, or farm to charity at death while retaining the use of the property during his and /or her lifetime. The life estate contract:

- » Creates an immediate charitable deduction for the value of remainder interest in the property, thus increasing current income,
 - » Removes the property from the donor’s estate, thus reducing estate taxes, and
 - » Relieves heirs of the burden of disposing of the property.
- Tax Considerations. For the income tax charitable deduction, depreciation (computed on the straight-line method) and depletion must be taken into account to determine the value of the remainder interest. Those values are discounted at an interest rate that depends on the federal rate in effect at the time of the transfer. For gift and estate tax purposes, depreciation (or depletion) need not be taken into account in valuing the remainder.

Capital gain is generally not taxable on a transfer of appreciated property to charity. However, gain is taxable to a donor who donates property subject to indebtedness, whether or not the charity assumes the debt.

- Procedures for Acceptance:
 - » Consideration of a life tenancy gift requires the Foundation staff to follow the stated guidelines for accepting a gift of real estate. The donor pays for the appraisal and all transfer fees and costs. The gift value and anticipated value of property at the end of the life tenancy will be calculated by the Foundation when the gift is made.
 - » There should be a reasonable expectation that the property can be sold within one year after the death of the donor or donor’s relinquishment of the property.
 - » In accepting gifts of real estate with retained life tenancy, the Foundation will also take into consideration the potential use of the property during the life tenancy to avoid acceptance of a property that may become a liability in future

years.

- » The donor will sign a “Memorandum of Understanding” that shall require, among other things, the donor to: (i) maintain insurance on the property equal to its replacement cost naming the Foundation as an additional insured; (ii) maintain the property in good repair and not permit any liens on the property except for those in existence at the time of the acceptance of the gift by the Foundation except for taxes and assessments not yet due and payable; and (iii) pay all applicable taxes, assessments and other related costs associated with the property; until the termination of the retained life tenancy.
- » Donors of any age may make a life tenancy gift although a minimum age of 55 is more traditional. Reduced tax advantages and logistical problems may make life tenancy an unattractive gift for younger donors.
- » The deed or other instrument of conveyance shall prohibit the assignment, transfer, pledge or conveyance of all or any interest in the retained life tenancy without prior written consent of the Foundation which may be withheld for any reason.

Gifts of Real Estate by Bequest. Upon becoming aware that the Foundation has been named to receive a gift under any will or trust arrangement, the Executive Director will contact the executor, trustee or other legal representative of the estate and determine if the gift to the Foundation consists of real estate. If the Foundation will or may receive real estate in satisfaction of the gift, the Executive Director will ask the executor, trustee or other legal representative to conduct an environmental assessment as required by the Foundation policy. If the executor, trustee or legal representative has not made the study and if it does not do so, the Foundation should make its own study or decline to accept the gift.

- Charitable Gift Annuities. If the Foundation has a gift annuity program in place, the Foundation will accept contracts that are signed between the Foundation and the donor where the Foundation assets back the income payments of a gift annuity contract. The annual payment to the annuitant is based on the donor’s age and the fair market value of the contribution made by the donor even though the

actual gift to the Foundation has a value less than the donor's contribution. The Foundation will pay gift annuity rates as recommended by the American Council on Gift Annuities.

Charitable Remainder Trusts (CRTs).

Charitable Remainder Annuity Trusts (CRATs).

The Foundation will accept annuity trusts, known as charitable remainder annuity trusts. This is a trust where the donor and/or beneficiary annually receives a payout that is fixed irrevocably at the time of the gift and stated in a trust agreement. Current tax law requires, among other things, that (i) the amount paid annually as an annuity must be at least 5%, but less than 50%, of the initial net fair market value of the trust assets at the time of creation; and (ii) the Foundation's actuarial interest in the trust must be at least 10% of the value of the trust assets at the time of creation. Accordingly, the actuarial interest of the Foundation in such trusts will be equal to at least 10 percent (or a greater percentage set by the Committee) of the fair market value of the assets placed in the trust when it is created.

Charitable Remainder Unitrusts (CRUTs). The Foundation will accept unitrusts, known as charitable remainder unitrusts. This is a trust that provides for payment to the donor and/or beneficiary an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust and is permanent. Current tax law requires, among other things, that (i) the fixed percentage be not less than 5% nor more than 50% of the net fair market value of the trust assets at the time the trust is created; and (ii) the value of the Foundation's actuarial interest in the trust must be at least 10% of the value of the trust assets at the time of creation. Accordingly, the Foundation will accept such trusts where the actuarial interest of the Foundation in such trust is at least 10% (or a greater percentage set by the Committee) of the fair market value of the trust assets at the time of creation.

Charitable Lead Trusts (CLTs). The Foundation will accept lead trusts (annuity or unitrusts) or gifts designed to generate periodic payments to the Foundation for a period of several years, after which the trust terminates and the assets pass to the designated individuals either outright or in trust.

ARTICLE VIII RECOGNITION OF DONORS

Public Recognition. Donors will be advised at the time of each gift that the Foundation will publicly recognize donors, unless requested otherwise by the donor. Requests declining public recognition will be documented and retained in the permanent files of the Foundation.

Value. Recognition of donors will be made on the basis of the value of the gift(s) made to the Foundation. The specific value of individual gifts will not be disclosed publicly, unless agreed to in writing by the donor and the Foundation. The value of gifts for public recognition will be categorized by ranges of value as determined by the Executive Director with the advice and consent of the Committee according to the following guidelines:

Only irrevocable gifts will be recognized.

Gifts will be recognized at values eligible for a charitable deduction from income for federal income-tax purposes.

Recognition that includes naming of a facility, department, program, faculty chair, professorship, fellowship or other specific naming opportunity in honor of a donor will be made in accordance with the naming procedures of the institution or system.

Written receipts will be provided to donors in a sufficiently timely manner to enable donors to comply with IRS regulations requiring charitable gift receipt documentation.

Naming College Facilities, Spaces, Endowments and Programs. Naming of facilities including buildings and structures, interior spaces, landscapes, roads, collections, programs, endowed chairs and professorships, and schools and departments on the various campuses of the College is exclusively controlled by the Board of Trustees of the College and subject to its policy on the subject matter. The provisions of this paragraph 9.3 generally reflect the current policy of the College regarding naming to be used as a guide to donors and shall be updated by the Executive Director of the Foundation from time to time, without Foundation Board approval, to set forth the current naming policy of the College as best as possible, however, all naming opportunities shall be exclusively governed by College policy and the approval of the Board of Trustees of the College.

Policy. The College and the Foundation welcome the opportunity to honor those who have rendered extraordinary service or support. Facilities, spaces, endowments or programs may be named for individuals or entities whose accomplishments or generosity advances the academic mission of the College, furthers the capacity of the College to meet its teaching and scholarly objectives and to serve its community, and enhances the growth and reputation of the College. A decision to construct or renovate a building, establish a chair or create a program is to be taken on the basis of established academic and other operational criteria and approved in keeping with the College's established practices and academic mission. Naming will be independent of all appointment, admission and curriculum decisions which the College will continue to make in keeping with its established practices and academic mission. To ensure the appropriateness of the honor, the College will follow the guidelines listed in this paragraph 9.3 as it makes decisions on a case-by-case basis with regard to naming facilities, spaces, endowments or programs.

Criteria for Selection of Honorees. Naming a facility, space, endowment or program for an individual, organization or corporation is one of the highest honors that the College can bestow. This recognition is a lasting and powerful affirmation of the honoree's connection to the College's mission. As such, honorees shall have exemplary character, an unqualified reputation for honesty, personal integrity and the highest standards of personal and professional ethics. These factors are to be determined at the sole discretion of the College board of trustees and/or the College president.

- Extraordinary College Service. Honorees who have been employed by the College shall have given extraordinary service to the institution in a teaching, service or administrative field with such exceptional distinction that their contributions are widely recognized by their peers, both at the College and elsewhere. The recognition afforded the honoree may also include private financial contributions related to the naming opportunity. Honorees may not be in active service at the College or hold elected office at the time of the naming, unless the circumstances are exceptional.
- Private Financial Support. Individuals, corporations and other organizations may be considered for

naming recognition if they have made significant financial contributions related to the naming opportunity. Decisions regarding such recognition are made on a case-by-case basis in accordance with the approval process contained in this policy and any other applicable College policies and shall also take into consideration the total cost of the project, the availability of other funds and the level of financial contribution. A bequest or legacy gift from a donor who is still alive will not normally be considered for a naming opportunity. The following guidelines should also be taken into consideration in determining a significant level of financial support in a given situation:

- » New Facilities. Require ten per cent of construction costs.
- » Space Within a New Facility. Fifty per cent of the construction cost based on average square footage.
- » Renovation of Facilities. Fifty percent of the cost of renovating a facility.
- » Existing Facilities Without Renovation. Require ten per cent of the fair market value based on insured value.
- » Space Within Existing Facilities Without Renovation. Forty per cent of the fair market value based on total square footage of insured value.
- » Portable Items. Donation of the collection or at least fifty percent of the value of the collection.
- » Tribute Markers. One hundred per cent of the cost or value of associated items (e.g. trees, gardens, benches).
- » Endowed Positions. Fifty percent funding of the endowment position.
- » Programmatic Entities. Determined on a case-by-case basis.
- Time. Financial commitments related to the naming opportunities may be pledged over several years. The number of years will be determined by the College and the donor but will be based upon the size of the

donation, the nature of the naming opportunity and the financial (including tax benefits) consideration of the donor.

- Request for Approval. Since naming facilities, spaces, endowments and programs has a long-term impact on the College, the approval process is designed to ensure such action is in the best interest of the College. All naming requests will be reviewed by a College naming review committee comprised of the provost, the vice president of business affairs, and the executive director of college development. This committee will submit all recommendations to the president. Upon presidential review and approval, applicable naming recommendations will be submitted to the board of trustees for consideration. An opportunity that involves private financial support should first be approved by the Foundation executive committee before any action can be taken by the College naming review committee.
- Naming facilities and/or interior spaces must be approved by the board of trustees.
- The naming of academic or non-academic programmatic entities (such as departments, schools, institutes and centers) must be approved by the board of trustees.
- Naming of endowed positions must be approved by the president.
- The display of tribute markers which includes plaques, medallions or other markers in association with features such as trees, benches or small monuments must be approved by the president.
- Naming facilities and spaces that are made up of portable items which are identifiable because of a specific focus or purpose (for example, collections of art) must be approved by the president, provost and dean of the school, depending on the location.
- The board of trustees reserves the right to review for approval, on a case-by-case basis, any naming request not specifically addressed above and not otherwise delegated by the board of trustees to the president of the College.

Duration of Name. Naming of facilities, spaces, endowments and programs in honor of individuals, corporations or other organizations is expected to last the lifetime of the facility, space, endowment or program.

- **Special Considerations.**

- » **Renovations.** If a previously named facility or property must be replaced or substantially renovated, the name will remain as set forth in any gift agreements related to the prior naming action.
- » **Change in Use.** When a change in the use of a previously named facility occurs because a program moves/ends or space is reassigned or demolished, some form of continuing recognition may be appropriate, such as creating an alternative memorial.
- » **Additional Naming Opportunities.** Naming associated with a particular facility, space, endowment or program will not preclude further naming within the facility, space, endowment or program.
- » **Form of Naming Display.** The official name of a building, in honor of an individual or in recognition of an appropriate donation, shall be determined by the College in cooperation with the donor. In addition, a suitable plaque can be located in the lobby or other appropriate interior location, giving the full name and a brief biography of the person.
- » **Change of Name.** The College reserves the right to change the building's name or to remove the naming right should a significant change in the circumstances of the donor or honoree occur. A significant change is determined at the sole discretion of the board of trustees and/or the president of the College.

Request Processing. Every reasonable effort will be made to ensure that a naming request will be acted upon within sixty days of the initial submission of that request to the College naming review committee.

Recording and Reporting. The president's office will be responsible for recording the official decisions on all naming requests and reporting those decisions to the appropriate College officials.

Implementation. The executive director of the Foundation and college development will implement procedures consistent with this policy as well as ensure that all approved names of facilities, spaces, endowments and programs are consistent in look and design and are completed in a timely manner. It is also the responsibility of the executive director of the Foundation and college development to keep the donor and/or honoree informed throughout the process.

ARTICLE IX POLICY REVIEW

This policy does not anticipate all possible gift situations and will be reviewed each year and amended if necessary. To assure continued relevance in future years, the Executive Director will periodically review this Policy and recommend to the Board of the Foundation any suggested changes. Any changes to this Policy shall be approved by a majority vote of the Board.

