GIFT ACCEPTANCE POLICY

INTRODUCTION

The Board of Trustees of The University of Central Oklahoma Foundation, Inc. (the Foundation"), with an understanding of its mission and responsibilities for accepting gifts for the benefit of The University of Central Oklahoma (the “University"), has established the following Gift Acceptance Policy (the “Policy”).

The purpose of the Policy is to give guidance and counsel to those individuals with the Foundation and the University community concerned with soliciting gifts. All gifts are to be accepted or rejected in accordance with the policies set forth herein. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with the University’s mission and this Policy.

The scope of this Policy is limited to acceptance or rejection of proposed gifts; it is not intended to cover disposition of property owned by the Foundation.

Policy Amendment and Review

Responsibility for review of and recommended amendments to the Policy shall be that of the Donor Relations Committee of the Foundation ("DRC"). This Policy shall be reviewed by the DRC at least annually. To amend the Policy, a written amendment shall be prepared by the DRC and submitted to the Board of Trustees for review and approval.

Additionally, the Executive Director of the Foundation (the “Executive Director”) shall have the authority to amend the Policy to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986, as amended, (the “IRC”), the regulations promulgated thereunder, or other applicable state or federal laws as of the effective date of the legal change. The Executive Director shall provide a written report to the DRC explaining the reason for any change to this Policy. The Executive Director shall also submit any changes or amendments for approval at the next meeting of the Board of Trustees.

Donor Relations Committee

The Board of Trustees of the Foundation, through the DRC, is responsible for formulating, implementing and amending this Policy. The DRC shall exercise the authority, oversight and responsibilities specified in this Policy. This responsibility cannot be delegated or waived by the DRC. The chairperson of the DRC, or a member of the committee, shall report to the Board of Trustees as needed.

A meeting of the DRC may be convened by the chairperson of the DRC if a specific proposed gift constitutes an exception to the standards outlined in this Policy and/or the gift has been challenged regarding its origin or scope. The DRC will review the information that has been presented by staff and, if the issues involved have been satisfactorily resolved, the DRC may accept or reject the gift in question. If the issues involved have not been satisfactorily resolved, the DRC will either request additional information or decline or return the gift.

Foundation Acceptance of Gifts

The Foundation's Board of Trustees shall, through the Executive Director, accept all philanthropy to the Foundation, provided such gifts are in conformity with this Policy. The Executive Director shall follow the guidelines set forth in this Policy, particularly when negotiating or, when authorized, entering into endowment agreements, trust agreements and other restricted gift agreements or deferred gift agreements. As stated in this Policy, certain types of gifts must be reviewed and approved by the Foundation prior to acceptance.

Once the Foundation has accepted a gift, it becomes Foundation property. From this point, the donor has no direct decision making power regarding the disposition of the gift.

The level of information required by the Foundation to make an informed decision regarding the acceptance of a gift will vary depending upon the nature of the gift. If it appears that a gift may not be acceptable from the outset of discussions with the donor, the Foundation will endeavor to reach that conclusion as soon as possible and convey such conclusion to the University development officer or other appropriate person so that he or she can suggest to the donor alternate types of contributions.

Gift Definition

A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation where no goods or services are expected, implied or forthcoming for the donor. Gifts usually take the form of cash, securities, real property or personal property. The following criteria generally identify a gift:

- *A gift is motivated by charitable intent.*

- *Gifts are irrevocable transfers of assets. The Foundation is not obliged to return unexpended funds. (If for some reason, the Foundation is unable to comply with the donor's intent, or if the gift has been misdirected to the Foundation, a return of gift may be issued at the Foundation's discretion, less any out of pocket expenses. The Executive Director is authorized to approve the return of a gift.)*

- *Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain deferred gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.*

- *A period of performance is not specified.*

- *Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate, and may be desirable, especially in the case of memorial or scholarship gifts.*

- *Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gift. Funds received from corporations, corporate foundations, and major foundations are classified as gifts unless the grant requires performance or other consideration.*

- *A gift is not completed until it has been accepted by the Foundation.*

Restricted Gifts

A gift may be either unrestricted or restricted to a general area of use that contributes to the benefit of the University. If the restriction(s) placed on the use of the funds contributed to the Foundation have been rendered illegal, unreasonable or unable to be fulfilled, and if the donor(s) are unavailable to alter the account restriction(s), the Foundation may consult with the University President and other appropriate University personnel and may, if necessary, seek approval of a court with jurisdiction to remove or modify such restriction(s). If termination of the restriction(s) is sought, the Foundation will seek to use such funds for a purpose that reflects as near as possible the original restriction. Restrictions shall be deemed unreasonable or unable to be fulfilled due to circumstances, including, but not limited to: the termination of a University program; a surplus of funds available from other sources to fulfill the designated purpose; the insufficiency of the restricted funds to fulfill the designated purpose where no funds from other sources are available to supplement the restricted funds; and the designated purpose is no longer consistent with the mission of the University and its individual programs.

Gift Acceptance Conditions

The Foundation will accept only gifts that are consistent with the core educational values of the University and are:

- compatible with the mission of the University and of its individual programs;
- in compliance with the IRC and other federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax favored; and
- compatible with the Foundation's tax-exempt status.

Unless a specific exception is granted by the DRC, the Foundation will not accept any gift that:

- violates any federal, state or local statute or ordinance;
- creates a fund to provide for scholarships, fellowships, professorships, chairs or lecture series with restrictive clauses that could cause embarrassment to the University, or that reserve to the donor or his/her representative the right to designate the recipient;
- contains a condition that requires any action on the part of the University that is unacceptable to University administration;
- commits the University to name a fund where the gift is potentially revocable in any way;
- requires the University and its administration to employ a specified person now or at a future date;
- contains unreasonable conditions (i.e. a lien or other encumbrance) on gifts of partial interests in property;
- requires tuition payments for a family member of the donor;
- exposes the Foundation to litigation or other liabilities;
- requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made; generates unrelated business income to the Foundation; or appears to be financially unsound.

The Foundation retains the right to immediately sell all gifts of stock or property so that it can invest the proceeds in accordance with the Foundation's investment policy.

The Foundation recognizes that the donor must have donative intent and accept its gift's fair market value as determined by the Foundation. Otherwise, there is the potential for disappointment and discrepancy between the amount of the gift reported by the donor on IRS Form 8283 and the sale proceeds reported later by the Foundation on IRS Form 8282. Under no circumstances will the Foundation agree to hold properties for more than two years if the donor's primary intent for such a provision is to circumvent IRS requirements.

Fees

A. Finder's Fees or Commissions: No finder's fee or commission of any type will be paid by the Foundation to any party in connection with the completion of a gift to the Foundation without the prior written approval of the Foundation.

B. Professional Fees: All fees incurred by the donor in the completion of a gift to the Foundation will be paid by the donor unless payment, or a portion thereof, by the Foundation is authorized by the Foundation.

Appraisals

All appraisals of real and personal property contributed to the Foundation shall be done in accordance with IRS Publication 561, *"Determining the Value of Donated Property."* A real property valuation should be prepared by an MAI appraiser. Personal property should be appraised by a qualified appraiser acceptable to the Foundation. Expenses incurred to obtain an appraisal shall be the responsibility of the donor.

Legal Counsel

The Foundation shall encourage donors to consult independent tax and/or legal counsel prior to making a contribution to the Foundation. It is the donor's responsibility to directly employ and compensate independent legal and tax counsel in these transactions. Prior to signing agreements as to gifts, such as gifts of partial interests, charitable remainder trusts and charitable lead trusts, counsel for the donor should review and approve the document. Independent legal representation of the Donor will limit the possibility that the gift will be challenged by heirs who claim the Foundation exerted undue influence in order to procure the gift.

Gift Acknowledgement

The Foundation will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

Types of Acceptable Gifts

Gifts are either outright or deferred. The most common gifts to the Foundation are outright gifts. In addition to cash gifts, the Foundation accepts gifts of securities, real property, and personal property. Deferred gifts, also called planned gifts, are arranged with the Foundation during the donor's lifetime, but the benefits do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming the Foundation as the beneficiary of a life insurance policy.

Cash and Checks

a. Policy:

Cash and checks may be accepted regardless of the amount.

b. Guidelines:

The value of any cash or check gift is its face value. Checks should be made payable to The University of Central Oklahoma Foundation, Inc. and sent to 100 North University, Evans Hall, Room 102, Edmond, OK 73034.

Funds may also be wired transferred to the Foundation. Donors should consult a representative of their financial institution to make contributions via wire transfer. Donors should also notify the Foundation when such wire transfers are initiated to ensure appropriate and timely gift acknowledgment and that the gift is credited to the proper Foundation account. Foundation wire instructions are as follows:

Incoming Domestic Instructions:

Send funds to Correspondent Bank:	**The Bankers Bank**
Routing Number/ABA:	**103003616**
For Credit of:	**Citizens Bank of Edmond**
Accounting Number:	**225**
Routing Number/ABA	**103002251**
For Further Credit:	**University of Central Oklahoma Foundation** **Accounting number: 8004404**

Incoming International Instructions:

Send funds to:	**Bank of New York-Swift Code: IRVTUS3N**
Or - CHIPS # 001	
Or: ABA # 021000018	
For Further Credit:	**The Bankers Bank OK**
Account Number:	**8906610980**
For Further Credit:	**Citizens Bank of Edmond**
Account Number:	**225**
Final Credit:	**University of Central Oklahoma Foundation** **Account # 8004404**

Incoming International Instructions – Endowed Funds – Merrill Lynch

Send funds to: **Bank of America, NA**
100 West 33rd Street
New York, NY

ABA # 026009593
SUB A/C # 6550113516

Final Credit: **University of Central Oklahoma Foundation, Inc.**

Merrill Lynch Account # -----04024

Publicly-Traded Securities

a. Policy:

Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ; corporate bonds; government issues and agency securities may be accepted by the Foundation.

b. Guidelines:

The Foundation may sell such securities as soon as possible after the securities have been transferred to the Foundation. The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the transfer is effected by the donor to the Foundation. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS Publication 561.

Donors should notify the Foundation of the securities being gifted, the number of shares, the intended gift date and the intended use of the gift. This will allow the Foundation to notify Merrill Lynch and make appropriate arrangements within the stated guidelines of the Foundation's Investment Policy Statement.

Securities may also be wired directly to the Foundation's account via DTC. Direct such gift to:

Gifting of Stock: Brokerage Firm to Firm Transfer:
University of Central Oklahoma Foundation
Merrill Lynch
Account # 2FJ-04024
DTC # 5198

Other brokerage accounts may be authorized by prior arrangement. Contact the Foundation for assistance.

If the donor has physical custody of the certificates, they should be mailed unsigned and by registered mail to the Foundation. Send signed stock/bond power form separately from the stock/bond certificates. The signature on the stock/bond must match the name on the certificates.

Closely Held Securities

a. Policy:

Closely held or non-publicly traded securities may be accepted only after prior review and approval by the Foundation.

b. Guidelines:

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

Closely held securities will be acknowledged by description and valued initially by the Foundation at $1.00. The President will report such gifts to the Investment Committee at their next meeting for their review. If the Investment Committee assigns a different value to the gift it will be booked at the assigned value.

The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than $1.00 has been assigned to the gift by the Investment Committee the Foundation will so advise the donor and provide written documentation.

Restricted Securities

a. Policy:

Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. They may be accepted only after approval by the Foundation.

b. Guidelines:

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

Restricted securities will be acknowledged by description and valued initially by the Foundation at $1.00. The President will report such gifts to the Investment Committee at their next meeting for their review. If the Investment Committee assigns a different value to the gift it will be booked at the assigned value.

The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than $1.00 has been assigned to the gift by the Investment Committee the Foundation will so advise the donor and provide written documentation.

Mutual Fund Shares

a. <u>Policy</u>:

Mutual fund shares may be accepted by the Foundation.

b. <u>Guidelines</u>:

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

Gifts of Real Property

a. Policy:

The Foundation may accept gifts of the surface interests of real property, both improved and unimproved, in accordance with this Policy and may sell such real property after receipt.

The Foundation may accept gifts of oil and gas interests in the form of royalty or mineral interests in accordance with this Policy and may sell such interests after receipt.

The Foundation will not accept gifts of oil and gas interests in the form of working interests without prior consultation with and approval of the Investment Committee.

Generally, the Foundation will attempt to sell any property received as a gift at a reasonable price, as reflected by the current market as soon as possible. However, all gifts of property will be reviewed on a case-by-case basis and may be considered for retention.

b. Guidelines:

The Foundation may require the following information in order to consider acceptance of a gift of real property:

- A title insurance commitment showing marketable title in the donor, free and clear of unacceptable encumbrances, issued by a reputable title insurance company;
- An MAI appraisal by a qualified appraiser dated no more than 60 days prior to the date of the donation;
- A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities;
- At the election of the Foundation, a market feasibility study for the property;

- ALTA survey of the property by a registered land surveyor;
- Evidence of compliance with ADA (when applicable);
- A structural engineering report (when applicable);
- A review of leases (for commercial property);
- A disclosure statement for residential property (when applicable).

Under applicable Treasury regulations, a donor must pay for any initial appraisal made on the property. It is the responsibility of the donor to pay all costs incurred in transfer of the property including the cost of compliance with any of the Foundation's requirements outlined above.

Special attention shall be given to a proposed gift of real estate encumbered by a mortgage that will not be paid in full by the donor at the time of transfer. The Foundation's ownership of such encumbered real property may generate unrelated business income to the Foundation pursuant to the IRC and disqualification of certain split interest gifts.

Real property will be acknowledged by description and valued initially by the Foundation at $1.00 per legal description. The President will report such gifts to the Investment Committee at their next meeting for their review. If the Investment Committee assigns a different value to the gift it will be booked at the assigned value.

The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than $1.00 has been assigned to the gift by the Investment Committee the Foundation will so advise the donor and provide written documentation.

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

a. Policy:

The Foundation may accept either a gift of real property with a retained life estate or subject to other interest(s) for terms of years, or other limitations as to timing of the vesting of the interest or use or sale restrictions with approval of the Foundation.

b. Description:

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

c. Guidelines:

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real property as set forth in Paragraph XII A 6 of this Policy entitled "*Gifts of Real Property*". The Foundation shall encourage donors to consult independent tax and/or legal counsel prior to making a gift of this type. The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance, utilities, maintenance/repairs and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this property.

Tangible Personal Property

a. <u>Policy</u>:

The Foundation will consider gifts of tangible personal property, including but not limited to, works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, only after a review indicates that the property is readily marketable, and free and clear of encumbrances or needed by the University for use in a manner which is related to its mission.

Authority to accept gifts of tangible personal property has been delegated to the Executive Director.

b. <u>Guidelines</u>:

No gift of personal property subject to the requirement of ownership by the Foundation in perpetuity shall be accepted without approval of the Foundation. No perishable property or property that would require special facilities or security to be properly safeguarded shall be accepted without approval of the Foundation. Book collections will be accepted only with approval of the Dean of University Libraries. Art collections and other museum artifacts will be accepted only with approval of the appropriate University Museum Director. For tangible personal property with an estimated fair market value* of more than $100.00 and less than $500, the donor may be required to furnish the Foundation with the following information:

<u>Tangible Property under $100.00</u>
The UCO Foundation has established a minimum value for Gifts-In-Kind to be recorded on the Foundation's gift record system. Gifts-in-kind with a total value of less than $100 will not be processed by the Foundation. The department accepting the gift is encouraged to send a thank you letter to the donor with a copy to the Foundation, but no gift-in-kind paperwork is required.

<u>Tangible Property under $500.00</u>

- Donor's name, address, and telephone number
- Contact person if the donor is a corporation

- Federal tax identification number (Individual social security number is not required till the gift is valued at $5,000 or more)
- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value

<u>Tangible Property valued between $500.00 and $5,000.00</u>
For tangible personal property with an estimated fair market value of between $500.00 and $5,000.00 the donor maybe required to furnish the Foundation with the following information:

- Same requirements as listed above, plus:
- A copy from a readily available third-party source establishing the Fair Market Value, such as a manufacturer's or distributor's catalogue listing or an independent publication of value, but if such a third-party source is not available, then the Foundation may require an Appraisal- see below.

<u>Tangible Property valued at $5,000 or above, or if required by the Foundation where the gift is over $500.00 and no Fair Market Value is readily available</u>

- Same requirements as listed above, plus:
- Donor's social security number or Federal Tax Identification number
- An independent evaluation from a qualified appraiser dated no earlier than 60 days prior to the date of the submission of the Donor Gift-in-Kind Form; and
- Verification that the donor has met the reporting requirements for IRS Form 8283, "*Non-Cash Charitable Contributions Appraisal Summary*."

**Fair Market Value: The IRS defines fair market value as "the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell."*

Personal property will be acknowledged by description valued initially by the Foundation at $1.00. The Executive Director will report such gifts to the Investment Committee at their next meeting for their review. If the Investment Committee assigns a different value to the gift it will be booked at the assigned value.

The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than $1.00 has been assigned to the gift by the Investment Committee the Foundation will so advise the donor and provide written documentation.

Bargain Sale

a. Policy:

The Foundation, upon review and approval, may purchase real estate, securities, or other property on a bargain sale basis.

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

c. Ordinarily the purchase price for the property should not exceed 60% of its appraised value. Exceptions may be made with the prior approval of the Foundation. The bargain sale price may be paid either in a lump sum or in installments. Restrictions as to the type of asset set forth above shall also be met.

Other Personal Property

a. Policy:

Other personal property of any description, including mortgages, notes, copyrights, royalties, partnership interests, closely held business interests, undivided interests in property, future and partial interests and other illiquid financial assets may be accepted only upon prior review and approval of the Foundation.

b. Guidelines:

A written summary of the proposed gift shall be submitted to the Foundation. At a minimum, the summary shall include the following information:

- description of the asset;
- the purpose of the gift, whether it's unrestricted or restricted and if restricted, the University department(s) to benefit from the gift;
- estimate or appraisal of the asset's fair market value and marketability;
- potential for income and expenses, encumbrances, and carrying costs prior to disposition;
- any environmental risks or problems revealed by audit or survey;
- credit history or financial statement of financially responsible party, if applicable;
- any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, realtors or brokers with whom the donor would like the Foundation to list the property, etc.);

The Foundation will review the material and either accept or reject the proposed gift (or, if necessary, postpone a decision pending the receipt of additional information).

Deferred Gifts

Any planned gift agreement that requires execution by the Foundation shall first be reviewed and approved as to form and substance by the Foundation's legal counsel. It is recommended that prospective donors who are considering gifts to the Foundation that will take effect at the donor's death, consult with the Foundation's President regarding how to properly designate the gift and to discuss any trust or bequest restriction that is being considered.

Bequests

a. Policy:

Direct, unencumbered bequests shall be accepted by the Foundation if the underlying assets are in conformity with the guidelines set forth in Section A of this Policy entitled “Outright Gifts”. The Foundation reserves the right to reject gifts from the estates or trusts of deceased donors that are not in conformity with the terms of this Policy.

b. Description:

A bequest to the Foundation is made in the donor's will or revocable trust. The donor can designate a specific amount, a percentage, or the remainder of an estate to the Foundation.

c. Guidelines:

Donors should be encouraged to notify the Foundation or University Development officers when considering a bequest in order to ensure that the assets left to the Foundation meet the criteria set forth in this Policy.

Charitable Remainder Trusts

a. Policy:

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

b. Description:

A charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiary(ies) either for life or a term of years (not exceeding twenty). At the end of that period the remaining assets are distributed to one or more charities.

A charitable remainder annuity trust pays a fixed annual amount to the income beneficiary, which must be at least 5% of the fair market value of the assets initially contributed to the trust. This amount does not change and no additional gifts may be made to the annuity trust after its creation.

A charitable remainder unitrust pays the income beneficiary a fixed percentage (at least 5%) of the fair market value of trust assets, as valued annually. Because the value of assets can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made to the trust after it is established if the trust agreement so provides.

Three variations of the unitrust exist. A "straight" unitrust pays the income beneficiary the stipulated amount, even if it is necessary to invade principal to do so. A "net-income" unitrust pays the lesser of the stipulated amount or the actual net income, so principal will not be invaded. A "net-income with make-up-provision" unitrust is like the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount.

c. Guidelines:

The Foundation may serve as trustee of any charitable remainder trust to which the initial contribution is at least $50,000 (unless for good cause the Foundation approves a lesser amount) and in which the Foundation is named as the sole residuary beneficiary.

If the income interest is for life, the beneficiary(ies) must be at least 50 years of age unless the Foundation approves a younger age.

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

Charitable Lead Trusts

a. Policy:

Charitable lead trusts shall not be accepted by the Foundation without prior review and approval of the trust agreement by the Foundation. Where the trust is testamentary, that is, one that arises upon the death of the donor, the Foundation reserves the right to disclaim any interest that would be in violation of this Policy.

b. Description:

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to the Foundation, and the "remainder" interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to the Foundation may be either a fixed sum (an "annuity trust" interest) or a percentage of the trust assets as valued each year (a "unitrust" interest). At the conclusion of the payment period, the trust assets are returned either to the donor or to someone designated by the donor.

c. Guidelines:

The Foundation may serve as trustee of a charitable lead trust to which the initial contribution is at least $100,000. A trust may be funded with a lesser amount, subject to prior approval of the Foundation. The trust term may be at the discretion of the donor, subject to the approval of the Foundation.

Designating the Foundation as Beneficiary

a. Policy:

The Foundation will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case, prior review and approval by the Foundation is required.

Life Insurance Policies

a. <u>Policy:</u>

The Foundation will accept gifts of life insurance policies, including whole life, variable and universal life policies, which meet the guidelines specified below. The Foundation can also be named as a beneficiary of a term insurance policy.

b. <u>Guidelines</u>:

Gifts of life insurance policies which meet the following criteria may be accepted:

1. The policy is either paid-up or, if not paid-up as of the date of the gift:

- has a minimum face value of $50,000;
- has a payment schedule not to exceed twelve years and which assumes an interest rate not to exceed the average historical dividend rate for the prior three-year period (for existing policies an "in force" illustration will be required); and
- requires a written pledge of a charitable contribution from the donor to the Foundation in a total amount which equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the absolute ownership by the Foundation of the policy given and acknowledge the resulting right of the Foundation to cash-in the policy and apply the proceeds of the same in accordance with donor intent.

2. The Foundation is designated as the owner and the beneficiary of the policy. While the policy will identify the Foundation as the beneficiary, there should also be a written agreement between the donor and the Foundation to transfer ownership of the policy to the Foundation.

Policy Effective Date

The Gift Acceptance Policy was adopted January 17, 2006 and became effective on that date. All gift agreements shall be governed by the Gift Acceptance Policy in effect at the time the original gift was accepted.

Revised August 18, 2006
Revised May 14, 2009