

Policy Name: **Gift Acceptance**

Mission and Intent of Gift Acceptance Policy

The mission and purpose of the Foundation are set forth in Policy Section 1.1. The Foundation, its Board, and staff will solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Foundation. These policies and guidelines govern the acceptance of gifts and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of the College's programs or services. With Board approval, this policy is intended to be as flexible as needed and as permitted by law.

All gifts will be accepted by the Foundation and the College in accordance with MCCS Acceptance of Gifts Policy Section 707.

Priorities

The Foundation and College agree that the Foundation's primary goal is to solicit unrestricted funds to support the College's mission and priorities. The Foundation's main objective is to raise unrestricted funds for the College.

The Foundation recognizes, however, that donors may prefer to direct their donations more narrowly. The Foundation will seek and accept resources whose use is specified by the donor to a particular program or purpose provided that such program or purpose is not inconsistent with the College's mission, purposes and priorities. The Foundation will endeavor to work with donors to encourage gift giving that has the least restrictions and allows the Foundation and the College the greatest flexibility.

The Foundation will not accept any gifts whose restrictions impose an undue burden on the Foundation or the College as determined by the Foundation's Gift Acceptance Committee.

Unrestricted Gift Fund:

The Foundation will accept unrestricted gifts and will maintain a fund for contributions received from donors without restriction. Income earned on restricted funds, other than endowed funds or endowed scholarships, will be placed in the unrestricted fund. Unrestricted funds may be expended for items on the approved equipment, capital project and program funding list or reinvested by the Foundation at the discretion of the Board within the provisions of the By-laws.

Responsibility to Donors:

The Foundation is responsible for ensuring that gifts are used in accordance with donor intent.

Documentation of donor intent should accompany any gift deposited and received by the Foundation. Intent should be demonstrated through execution of a written agreement, such as a letter of intent or memorandum of agreement, between the donor and the Foundation.

While donor intent can be demonstrated outside of a written agreement, it is the policy of the Foundation that, in the absence of a written agreement, donor intent will be interpreted as broadly as possible. In no circumstance can a donor impose specific criteria on the use of donated funds in the absence of a written agreement described in the paragraph above:

Donors can demonstrate intent to direct funds to particular purpose as described below.

1. Making a check payable to a particular project or fund
2. Writing the project/fund in the memo line on a check
3. Return of a solicitation brochure with a gift
4. Donor letter or email
5. Completion for a gift deposit form that includes information regarding how the person completing the form obtained the donor's gift

The Foundation, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives to provide support to the Foundation and College. All employees shall endeavor to abide by the Donor Bill of Rights.

When a donor includes a deferred contribution in their plans, all officers and Foundation staff involved with assisting the donor with the planned gift shall endeavor to abide by the Model Standards for Practice for the Charitable Gift Planner.

Anonymity

The Foundation shall respect the wishes of donors who choose to support the Foundation anonymously and will take reasonable steps to safeguard those donor's identities.

Confidentiality

The Foundation shall maintain donor confidentiality pursuant to Foundation's Code of Ethics Policy governing privacy of donors.

Compliance with Law

The Foundation complies with all applicable Federal and State Law, including the Internal Revenue Code, the Maine Charitable Fiduciary Act and the Uniform Prudent Management of Institutional Funds Act, in acceptance, receipt and administration of gifts.

Conflict of Interest and Use of Legal Counsel

The Foundation does not provide legal, tax or financial advice. Donors will be encouraged to discuss charitable gift planning with their legal, financial or tax advisors before entering into any commitment to make a gift to the Foundation. Donors are responsible for their own costs associated with securing such advice and counsel.

The Foundation may seek the advice of legal counsel in matters relating acceptance of a gift, when appropriate, Review by counsel is recommended for:

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements
2. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation
3. Transactions with potential conflict of interest that may invoke IRS sanctions
4. Any other instances in which use of counsel is deemed appropriate by the Gift Acceptance Committee.

Gift Acceptance

All gifts received by the Foundation must be consistent with the Foundation and the College's missions, purposes, and priorities.

Gift Acceptance Committee

The Gift Acceptance Committee shall facilitate the gift acceptance process. The Committee shall consist of the Chair of the Board, the Foundation Executive Director, the President of the College, the Chief Financial Officer of the College, and any other Members as appointed by the Board Chair. The Gift Acceptance Committee is charged with reviewing all gifts of significant risk or potential burden to either the Foundation or the College. All such gifts must be approved by the Foundation before the Foundation may accept the gift.

Gifts of significant risk may include:

1. Non publically traded securities
2. All gifts of real property

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3. Gifts of personal property if not usable by the College
4. Gifts of real or tangible personal property subject to donor restriction
5. Any sale of property where a donor is associated with the acquisition of property by the College or Foundation below its fair market value
6. Cash gifts with significant donor restrictions
7. All gifts of unusual items or gifts of questionable value.
8. Any gift that would require a major capital expenditure on the part of the Foundation in order to comply with the donor's restriction.
9. Any gift that is considered to be; too restrictive in purpose; too difficult to administer or; outside of the Foundation or College's mission, purposes or priorities.

Naming Opportunities

The Maine Community College System Policy Section 801 governs naming of facilities and spaces at the College.

A minimum annual gift of \$1500 is required in order to name a scholarship or fund in honor or memory of an individual or business. A minimum gift of \$30,000 is necessary to establish an endowed fund or scholarship in honor or memory of an individual or business. Donors who would like to give gifts of less than the amounts outlined above will be encouraged to give to existing scholarships or funds that are consistent with the donor's charitable intentions.

Gift Acceptance Fees

The Foundation may assess fees on gifts. Such fees may cover general operating expenses of the Foundation, including the administrative costs of administering a particular gift fund, and/or be used to benefit of the College in a manner that the Foundation and College deems most appropriate. Endowed Funds may be assessed a one-time 5% fee on the total endowment at its inception. Additional annual fees may be assessed to support endowment management and other Foundation operations. Un-endowed funds may be assessed a 5% fee annually.

Fiduciary Relationship

The Foundation will not serve as executor of a donor's estate nor as trustee or successor of a living trust or other trust intended to serve as a person's primary estate planning document. The Gift Acceptance Committee must approve any exceptions to this policy. If an exception is made to this policy, any documents naming the Foundation as Trustee must be reviewed by legal counsel.

Gift Types:

Adopted August 15, 2013. Revised February 27, 2014

1. The following gifts are acceptable
 - a. Cash
 - b. Securities
 - c. Bequests
 - d. Owner of Life Insurance
 - e. Life insurance beneficiary designations
 - f. Tangible personal property
 - g. Real estate
 - h. Remainder interests in property
 - i. Bargain sales
 - j. Charitable remainder trusts
 - k. Charitable lead trusts
 - l. Retirement Plan beneficiary designation
 - m. Any other gifts deemed acceptable by the Gift Acceptance Committee

2. The Following criteria govern the acceptance of each gift form

- a. **Cash**

- Cash is acceptable in any form. Checks shall be made payable to the Foundation and shall be delivered to the Foundation offices

- b. **Securities**

- The Foundation can accept both publically traded and closely held securities

- i. *Publically Traded Securities*: Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Investment Committee. In some cases, applicable securities law shall make the final determination on the acceptance of the restricted securities.
 - ii. *Closely Held Securities*. Closely held securities include not only debt and equity positions in non-publically traded companies but also interest in LLPs and LLCs or other ownership form. These are acceptable subject to the approval of the Gift Acceptance Committee.

- The Committee must determine that:

1. There are no restrictions on the security that would prevent the Foundation from ultimately converting the assets to cash (e.g. E savings bonds cannot be assigned)
 2. The security is marketable
 3. The security will not generate any undesirable tax consequences or other liability for the Foundation;

If the Committee identifies any concerns it may recommend that outside professional review be sought before making a final decision on acceptance of the gift. Every effort will be made to sell non marketable securities as quickly as possible. Gifts of closely held corporate stock will be carried on the Foundations books at \$1.00 in absence of financial information which would substantiate “book value” Gifts of bonds will be accepted as cash when the holding period has expired. Gifts of securities that have no apparent value will not be accepted.

c. Bequests

Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until the gift is irrevocable. When the gift is irrevocable, but not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

d. Ownership of life Insurance.

The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before life insurance can be recorded as a gift. The gift is valued at his interpolated terminal reserve value, or cash surrender value upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of additional premium payments as a gift in the year that the premium payment is made. If the donor does not elect to continue to make gifts to cover the premium payments on the policy the Foundation may:

- i. Continue to pay the premium
- ii. Convert the policy to paid up insurance or
- iii. Surrender the policy for its current cash value

e. Life Insurance Beneficiary Designations.

Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or content beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the

Foundation until such time the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.

The Foundation will not endorse any insurance marketing program, company, policy or agent.

f. Tangible Personal Property.

All gifts of tangible personal property must be approved according to the Foundation's Gift In Kind process. A sample Gift In Kind form is attached.

Gifts in kind shall be examined according to the following criteria:

- i. Does the property fulfill the mission of the Foundation?
- ii. Is the property marketable?
- iii. Are there any undue restrictions on the use, display, or sale of the property?
- iv. Are there any carrying costs for the property?

Acceptable gifts include:

i. Gifts of Furniture. Gifts of Furniture will be accepted if the furniture either:

1. Useable by the Foundation or the College; and/or
2. Can quickly be sold for an amount agreeable to donor

ii. *Gifts of Used Equipment.* Gifts of used equipment will be accepted if:

1. The equipment is needed by the Foundation or the College;
2. The equipment can be loaned out to students;
3. The equipment is on the list of approved projects/equipment established by the Foundation or the College.

iii. *Gifts of Works of Art.* A gift of Art will be placed on the Foundation books as \$1.00 unless a valid independent appraisal is supplied at the donor's expense. If the art has appreciated since acquisition by the donor, the donor will be counseled that the gift may not be "related to the charitable purpose" of the College or the Foundation and the donor may not receive the same deduction as if the gift were given to an art museum.

Gifts of works of art will be accepted if:

1. The Foundation determines that the art can be displayed in the Foundation offices or at the College;
2. The art can be sold and the proceeds used to support the College.

g. Real Estate

Gifts of real estate may include developed or undeveloped property or gifts subject to a prior life interest.

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Prior to acceptance of real estate, the Foundation shall require an initial environmental review and building inspection of the property to ensure that the property has no environmental or other damage. In the event that the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost shall be at the expense of the donor, unless the Gift Acceptance Committee decides otherwise.

A title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of the title binder shall be an expense of the donor.

Donors who wish to restrict the proceeds of the sale of real property which they have given to the Foundation may do so, however, the Foundation will make no commitment for an expenditure of those funds until cash has been realized from the sale.

The property will be listed with a broker/brokers in the area in which the property is located for the sale at the appraised value. The Foundation may wait a reasonable time period to receive an offer in the range of the appraised value. If, because of high taxes or a sizable mortgage, the Foundation is unwilling to hold the property for a reasonable period, and is forced to sell the property as quickly as possible the donor will be notified. The Foundation is required to notify the IRS of the sale, of any property gift sold within two years of the date of the gift.

Prior to acceptance of the real property, the gift shall be approved by the Gift Acceptance Committee and the Foundation's legal counsel. Criteria for acceptance shall include:

- i. Is the property useful for the purposes of the College and Foundation?
- ii. Is the property marketable?
- iii. Are there any restrictions, liens, easements or there limitations associated with the property?
- iv. Are there carrying costs, which may include insurance, property taxes mortgages or notes etc. associated with the property?
- v. Does the Environmental audit reflect that the property is clear of environmental hazards?

h. Remainder Interests in Property.

The Foundation may accept a remainder interest in a personal residence, farm or vacation property subject to the provisions regarding gifts of real property above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or sell it. Where the Foundation receives a gift of a remainder interest, expense for maintenance, real estate taxes, and any other property indebtedness

are to be paid by the donor or primary beneficiary.

i. **Bargain Sales.**

The Foundation will enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purpose of the College and Foundation. All sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board of Directors. Factors used in determining the appropriateness of the transaction include;

- i. The Foundation must obtain an independent appraisal substantiating the value of the property
- ii. If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value
- iii. The Foundation must determine that it will use the property, or there is a market for the sale of the property within 12 months of receipt
- iv. The Foundation must calculate the costs to safeguard, insure and expense the property (including property tax if applicable) during the holding period

j. **Charitable Remainder Trusts.**

The Foundation may accept a designation as a remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee. The Foundation will not accept appointment as Trustee of a Charitable remainder trust

k. **Charitable Lead Trusts.**

The Foundation may accept a designation as income beneficiary for a charitable lead trust. The Foundation will not accept appointment as trustee of a Charitable Lead Trust.

l. **Retirement Plan Beneficiary Designations.**

Donors and supporter of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plan. Such designations will not be recorded as gifts to the Foundation until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable

Appraisals and Valuation of Gifts

It is the responsibility of the donor to secure and pay for an appraisal (where required).

Major gifts of real estate or personal property will be reported at the fair market value placed on them by an independent, expert appraiser.

The law requires gifts of personal property valued in excess of \$5,000 to meet certain criteria. Therefore, before acceptance the donor must pay for an appraisal by a qualified appraiser. Once accepted, the Foundation must acknowledge in writing the appraisal, which is to be attached to the donor's tax return. This appraisal serves three functions:

1. Establish the donor's tax deduction;
2. Give the Foundation and its auditor a reasonable value at which to carry the asset on the Foundation books; and
3. Establish an asking price for the property.

Small gifts of real and personal property with an apparent worth of less than \$5,000 will be valued by individuals selected by the Foundation Board or College with some expertise, and this informal valuation will be used for internal reporting purposes. Donors who wish to have the Foundation acknowledge a specific dollar amount must provide the donation with an independent appraisal to support the valuation. In the absence of any formal or informal appraisal, a gift of this kind will be booked at one dollar (\$1).

The Foundation will record a gift's value at its valuation on the date the gift was received by the Foundation unless otherwise specified by law or Foundation Policy.

Responsibility for Gift Acknowledgment and IRS Compliance

The Foundation is responsible of the filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5000. The Foundation must file this form within 125 days of the sale or disposition of the asset.

The Foundation is responsible for acknowledging all gifts in compliance with current IRS requirements.

Unacceptable Gifts

Pursuant to these Policies, the Foundation can refuse any gift which is inconsistent with Foundation Policy or which imposes a burden on the College or Foundation.

Gifts will not be accepted which are restricted for the benefit of a specific individual (such as for the payment of a specific student's bill).

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No gift will be accepted if restricted to a specific item of equipment or project that has not been approved as a priority by the Executive Director and/or the Board. Donors in such cases will be encouraged to contribute to a broader purpose or so the gift can be used for the College's greatest need.

Review of Gift Acceptance Policies

The policy shall be reviewed at least annually by the Gift Acceptance Committee or whenever it becomes inconsistent with regulations or other applicable state or federal laws. The Board must approve changes to this policy.

Approved: July 18, 2013
Amended: February 27, 2014
Amended: October 22, 2015