Gift and Pledge Policies and Procedures

Updated September, 2018

The following policies and procedures are set forth: (1) to define the working rules for the development program of X College; (2) to protect the College, its Board of Trustees, staff and volunteers; and (3) to inform the College's donors and prospective donors and their professional advisors. These policies and procedures will be revised as needed to conform to regulatory laws and rulings.

It is the general policy of X College and the Board of Trustees: (1) to offer diverse opportunities for gift support of the College; (2) to communicate such opportunities to constituents on a regular basis; and (3) to provide the resources for a full and effective development program for the benefit of both donors and the College.

The Development Office is the clearing house for the fund raising activities of the College. It shall be the responsibility of the Development Office and its staff, under the direction of the President:

1. To generate philanthropic gifts in support of projects and programs as approved by the Board of Trustees (>$100,000) or the President's Council (≤$100,000);

2. To develop and propose to the Board of Trustees plans for a comprehensive development program, including annual, capital and planned gift efforts;

3. To advise the Board of Trustees, senior staff and other volunteers on matters relating to the cultivation, solicitation and acceptance of gifts and grants in support of the College;

4. To inform, serve, guide and assist the College's constituents in fulfilling their family's financial and philanthropic objectives;

5. To coordinate all such fund raising efforts as may involve the several constituencies (Trustees, staff, friends, alumni, parents, businesses, foundations, etc.) of the College by matching donor interests with specific funding opportunities so that prospects and donors are not solicited by multiple individuals on behalf of the College;

6. To undertake research on prospects and donors so as to identify donor interests and to maintain confidentiality with regard to research findings and donor records, and;

7. To report regularly to the Board of Trustees regarding gifts, grants, pledges, statements of intent and planned gift commitments received by X College.

I. General Policies and Guidelines

1. X College welcomes expressions of philanthropic interest regardless of size or form, from an individual, family, business, corporation, foundation or similar source. The College reserves the right to refuse a gift if the donor's values are not aligned with the mission, vision, stated values and beliefs as a Christian institution.

The Development Office staff and campaign volunteers are available to meet with any prospective donor(s) and their financial advisors, without obligation, to discuss areas of interest, the plans of the College, types of gift commitments, options for payment, estate planning, and the tax planning consequences of a possible gift commitment so as to provide every possible assistance to a prospective donor.

The Development Office staff will adhere to the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Philanthropic Planning and the Code of Ethical Principles and Standards of Professional Practice promulgated by the Association of Fundraising Professionals, shown as attachments to this document. X College also upholds the Donor Bill of Rights as endorsed by the Association of Fundraising Professionals, shown as an attachment to this document.

2. Gifts to the College should be made in the name of X College and will be taken, held and administered by the Board of Trustees. All gifts to the College should be directed to the Development Office where they will be accepted, acknowledged and administered in accordance with the policies of the Board of Trustees.

3. No solicitation of donations, gifts of funds or real property for the benefit of the College shall be made by anyone without the approval of the President, Vice President for Advancement, or their designated representative. (See Handbook Policy F-16 for additional detail.)

4. Acceptance of planned gifts to be administered by X College will be approved by the Finance and Development Committee of the Board of Trustees. The President or Vice President for Financial Administration shall have the authority to sign planned giving agreements on behalf of the College.

5. The Board of Trustees, volunteer leadership working in conjunction with College staff, and/or appropriate College officers reserve the right to accept or to decline any pledge commitment which is offered to them. The college also reserves the right to determine how any pledge commitment will be credited and/or how such commitments will be recognized.

   Donor requests for anonymity will be honored unless and until withdrawn or modified.

6. Although representatives of X College will provide all appropriate assistance (see paragraph 2 of section I. A above), the ultimate responsibility regarding asset evaluations, tax deductibility, and/or similar federal, state and/or local legal compliance issues rests with the donor(s) and/or with such financial advisors as the donor(s) shall secure.

   X College urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

7. The College will not knowingly seek, nor accept, any commitment regardless of size, designation or other condition which it believes is not in the potential donor's best interest.

8. Except in the case of irrevocable planned gifts or signed pledge agreements, a donor may upon written request, without explanation, withdraw or modify a statement of intent.

9. Upon acceptance of non-cash gifts, the appropriate campus budget center will become responsible to manage the asset. If the college desires to sell a non-cash asset upon acceptance of such gift, the development staff and campus budget center personnel will work together on the sale of the asset. If a non-cash asset is disposed of within three years of accepting the gift, the development office must be notified in order to file the appropriate tax forms. After three years the development office should be notified as a courtesy should a non-cash gifted asset be disposed of or relocated.

II. Types of Gifts

1. The following gifts are acceptable:

- Cash
- Tangible Personal Property
- Motor Vehicles
- Securities
- Grain Commodities
- Real Estate
- Remainder Interests in Property
- Oil, Gas and Mineral Interests
- Bargain Sales
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Revocable Gift Commitments

2. The following criteria govern the acceptance of each gift form:

Cash: Cash is acceptable in any form. Gifts shall be made payable to X College and shall be delivered to 1234 North 1st Street, Washington, MO 68505 or be given to a representative of the College.

Tangible Personal Property: Outright gifts of tangible personal property for which donors qualify for a charitable gift deduction under current IRS rules will be credited, recognized and/or commemorated at the appraised value of the property at the time it is transferred to X College, less any encumbrances. Unless otherwise authorized by the Board of Trustees, the College will seek to liquidate such assets in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest such assets in ways consistent with the currently-authorized investment policy of the College.

The following are general guidelines for accepting gifts of tangible personal property:

a. Generally, the College's acceptance of such gifts cannot involve significant additional expense for their present or future use, display, maintenance or administration.
b. Generally, no burdensome financial or other obligations can be incurred, directly or indirectly, by X College as a result of its acceptance of such gifts.
c. Gifts of tangible personal property (jewelry, paintings, antiques, rare books, etc.) exceeding $5,000 in value shall be reported at the fair market value placed on them by an independent, expert appraiser as described by publication 561 of the Internal Revenue Service at the time the donor relinquished control in favor of the College. Gifts of $5,000 and under may be recorded at the value declared by a qualified expert (e.g. librarian, art professor, coin dealer or antique appraiser).
d. The College will not accept gifts of tangible personal property (such as books, paintings, etc.) if such gifts are to be made on the condition, understanding or expectation that the gifted items will be loaned to the donor or to the persons designated by the donor for life or for an extended period of time as determined by the donor.
e. Any gifts in-kind which can be liquidated will be credited on an item-for-item basis.

Donors will receive a gift receipt for income tax purposes with a description of the item.

Motor Vehicles: X College may accept all types of motor vehicles in any condition.

a. If the vehicle is to be sold in an arm's length transaction to an unrelated party within three years of it being donated to the College, the donor will be credited, recognized and/or commemorated at the amount of the gross proceeds from its sale.
b. If it is determined the College will make a significant intervening use of the vehicle and it will not be sold then the donor will be credited, recognized and/or commemorated at the amount of the Fair Market Value for a private sale as determined by a used car guide such as *Kelly Blue Book* or the *NADA Guide.*
c. Generally, no burdensome financial or other obligations can be incurred, directly or indirectly by X College as a result of its acceptance of such gifts.

Securities: X College can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Gifts of publicly-traded securities will be receipted at the mean of the high and low values on the date the transfer of the security has been completed to X College. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Finance and Development Committee of the Board of Trustees.

Closely Held Securities: Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, can be accepted subject to the prior approval of the Finance and Development Committee of the Board of Trustees. However, gifts must be reviewed prior to acceptance to determine that:

a. there are no restrictions on the security that would prevent X College from ultimately converting those assets to cash,
b. the security is marketable as determined by the college's analysis of the company's financial strength, market presence and overall market industry outlook, and
c. the security will not generate any undesirable tax consequences for X College.
d. Gifts of closely held stock must be valued at $10,000 or more and will be credited at the value determined by a qualified independent appraiser. All such gifts of closely-held stock will be held until liquidated, at which time the funds will be used consistent with the gift intentions of the donor and the established policies of the College.

Grain Commodities: Gifts of grain commodities must be from the producer's own inventory with no sale commitment made prior to the gift and it may include any crops that are accepted by a grain elevator.

a. Prior to delivering the grain to the elevator the producer must contact X College's Advancement office to inform them of the intended gift.
b. The college will then ensure an account is set up at the elevator for the producer to deliver the crops to.
c. The producer will then transfer the grain to the elevator in the name of X College. The elevator will then provide a warehouse storage receipt showing X College as the owner of the grain.
d. X College will then provide a donation receipt to the donor. If the donor is an active, self-employed farmer then the donated grain is not recorded as income, thereby avoiding having to pay self-employment tax and federal income taxes on the grain.
e. The College is then responsible for storing and/or transporting the grain and the producer cannot control where the College sells the grain.

Real Estate: Gifts of real estate may include developed or undeveloped property. Unless otherwise authorized by the Board of Trustees, the College will seek to liquidate such assets in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest such assets in ways consistent with the currently-authorized investment policy of the College.

Prior to acceptance of real estate, X College shall require the following procedures be conducted by a representative of the College:

a. conduct a site visit to the property.
b. complete an environmental checklist. In the event the initial inspection reveals a potential problem, X College shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

c. conduct a marketability investigation including recent comparable sales, time on market, repairs needed to sell, etc.
d. obtain copy of deed and property tax schedule.
e. prepare schedule of potential carrying costs from time of gift through sale.
f. obtain copies of any leases or other encumbrances on the property.
g. obtain a qualified appraisal. The costs of the appraisal shall generally be an expense of the donor.
h. obtain a title commitment or such other title work deemed satisfactory to X College. The costs of any title work shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift acceptance shall be approved by the Board of Trustees Finance and Development Committee.

Outright gifts of real estate will be credited, recognized and/or commemorated at fair market value at the time it is transferred to X College, less any encumbrances. The fair market value of the property shall be determined by an independent, qualified appraiser in the employ of the donor.

Remainder Interests in Property: X College will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of the Real Estate paragraph above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. During the life of the donor or primary beneficiary, expenses of maintenance, real estate taxes, fire and extended peril insurance and any property indebtedness are to be paid by the donor or primary beneficiary. At the death of the donor, X College may use the property or reduce it to cash.

Oil, Gas and Mineral Interests: X College may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Finance and Development Committee, and if necessary, by the College's legal counsel. The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate. The College will complete an environmental checklist on the property. In the event that the initial inspection reveals a potential problem, X College shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

Bargain Sales: X College will enter into a bargain sale arrangement for real estate subject to the provisions of the Real Estate paragraph above.

Life Insurance: Gifts of life insurance which meet the stated guidelines for acceptance can be made to X College by:

a. Irrevocably transferring ownership and all incidents of ownership of an existing life insurance policy to X College.
b. Purchasing a new life insurance policy naming X College as owner and beneficiary of the policy.

c. Naming X College as a primary or contingent beneficiary for an existing or new policy in which the donor(s) retains ownership of the policy, the gift is made when X College receives the death benefit proceeds**.**

Charitable Gift Annuities: X College may offer charitable gift annuities with a minimum funding amount of $10,000 for each annuity. The minimum age for life income beneficiaries of a current gift annuity shall be 55 and for deferred gift annuities shall be 45.

The payout rate for annuities shall be no greater than the rates recommended by the American Council on Gift Annuities. Annuity payments may be made on a monthly, quarterly, semi-annual or annual basis.

X College will accept cash or marketable securities in exchange for a gift annuity. Other assets such as real estate, non-marketable securities, tangible personal property or other illiquid assets may be accepted with the prior approval of the Finance and Development Committee and subject to the provisions of the Real Estate paragraph above.

For purposes of donor recognition and gift commemoration, charitablegift annuities will be credited, at the charitable gift value.

Donors will receive a gift receipt for income tax purposes equal to the charitable gift value of the annuity.

Charitable Remainder Trusts: Donors may designate X College as remainder beneficiary of a charitable remainder trust established with the donors legal and/or tax counsel, a bank or trust company of the donors choosing or such other trustee acceptable to the donor.

X College may accept appointment as trustee of a charitable remainder trust under the following conditions:

a. The trust will be initially funded with minimum assets of $100,000. Trusts may be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift to the College.
b. Trusts should be limited to one or two income beneficiaries and to beneficiaries over 40 years of age (unless some generous outright gift is combined with the trust, in which case trusts can include younger beneficiaries).
c. the payout rate shall be at least five percent (5%) with higher rates approved by the Finance and Development Committee based on the ages of the donor and income beneficiaries, the income needs of the beneficiaries and the current economic environment.
d. X College must be named as primary irrevocable remainder beneficiary of the trust.
e. Trust assets are administered by the Vice President of Financial Administration with the advice of the Finance and Development Committee

of the Board. Separate accounting is provided to the donor on each life income agreement. Trust payments shall be made quarterly, semi-annually or annually.

f. X College reserves the right to appoint a bank or trust company as trustee.
g. Encumbered assets may not be used to fund a charitable remainder trust.

For purposes of donor recognition and gift commemoration, charitablegift annuities will be credited, at the charitable gift value

Donors will receive a gift receipt for income tax purposes equal to the charitable remainder value of the trust.

Charitable Lead Trusts: X College may accept a designation as income beneficiary of a charitable lead trust. The College will not accept appointment as trustee of a charitable lead trust. Charitable lead trusts will be credited, recognized and/or commemorated at the total anticipated payout over the pledge payment period plus the present value of any remaining income interest.

Revocable Gift Commitments: Beneficiary designations of bank and brokerage accounts, retirement accounts and life insurance policies, bequest intentions, and other revocable deferred gifts will be recorded as "future" expectancies of the College at the value established in writing by the donor through a planned gift notification form, a deferred pledge agreement, a contract to make a will, a letter, or a copy of appropriate sections of the will, insurance or trust document, etc.

a. Such revocable gift commitments will be permanently commemorated, subject to the donor's specific request and intent, only when the funds are irrevocably committed to the College or when the gift matures.
b. Bequest intentions for which the donor does not indicate a specific gift value and/or does not provide an estimate of a residuary bequest will be credited as future expectancies at a minimum value level of $1,000.
c. Any payments made during the period of a campaign (one year for an annual giving campaign and generally five years for a capital campaign) in fulfillment of the bequest expectancy will be credited in full if the bequest expectancy was discounted in any manner.

III. Policies Pertaining to Named Endowment Funds

An endowment fund is an investment managed by the Office of Financial Administration for a designated purpose from which a specified portion of the annual interest is added to the corpus and the balance is utilized as outlined by the related endowment agreement.

For the purposes of this policy statement, "endowment fund" shall refer to any fund, or any part thereof, not wholly expendable by the College on a current basis under the terms of the applicable gift instrument.

Endowment funds are invested according to policies established by the Board of Trustees.

1. Endowment gifts may be used to establish a special endowment fund or may be added to an existing endowment fund.

2. Persons interested in establishing a named endowment fund are encouraged to consult with the Vice President for Advancement prior to making the gift so that the donor's intentions are appropriately established in writing. Negotiation of any named endowment agreement on behalf of the College shall be done over the signature, and with the full knowledge, of the President or the Vice President for Financial Administration of the College.

3. In designating an endowment gift for a specific purpose, the donor is encouraged: (a) to describe that purpose as broadly as possible; (b) to avoid detailed limitation and restrictions; and (c) to provide a clause granting the College maximum flexibility to make use of designated funds in a manner most consistent with the intent of the donor and with the interests of the College should programmatic or other developments make it impossible to apply the endowment proceeds to the purpose for which it was designated originally.

4. Gifts to establish named endowment funds for specific purposes must meet the minimum dollar requirements set by the Board of Trustees. The principal amount of the original gift need not meet the minimum dollar requirement if the donor agrees to fully fund the endowment at the minimum dollar requirement within a specified and reasonable period of time, e.g., four years. If the minimum dollar requirement is not met within a reasonable period of time, the funds will be added to an existing endowment fund with similar criteria, subject to prior approval from the Board of Trustees.

   The minimum dollar requirements established by the Board of Trustees for a named endowment fund shall not apply to any named endowment fund(s) already established at the time these policies are adopted.

   X College reserves the right to review the minimum amounts required for named endowments periodically and to amend the minimum amount required so as to ensure that endowment proceeds are sufficient to fund the intended purpose(s) of the endowment. If, and when the College acts to increase the minimum amount required to establish a particular named endowment fund, such action shall not be retroactive to funds already established and named.

IV. Policies Pertaining to Gifts of Life Insurance

X College Board of Trustees must conduct a careful analysis of the gift of life insurance and the following guidelines are to be considered prior to the board approving the gift to be accepted.

1. Guidelines for X College to Own a Life Insurance Policy:
   a. Ownership of a life insurance policy by X College, or transfer of ownership to X College, must be within the laws of the state in which the life insurance policy is governed.

b. Life insurance policies intended to be maintained until the death benefit is paid should be guaranteed until all insured by the policy reach at least age 100.
c. X College should not be obligated to pay life insurance premiums, this can be accomplished by;
a. A donor signing a letter of intent indicating they are willing to gift premium payments sufficient enough to maintain the life insurance policy, or
b. The life insurance policy being a paid up policy and no longer requiring premium payments.
d. X College should retain the right to convert or modify a life insurance policy it owns so as to meet the above conditions and/or it should be able to surrender the life insurance policy for its cash value.

2. Guidelines to Gift an Existing Policy to X College:
    a. The most recent annual statement and a current in force analysis of the life insurance policy prepared by the issuing life insurance company are to be reviewed by X College.
    b. A determination must be made by X College, in consultation with the donor, whether the policy will be surrendered for its cash value or maintained with the intent of receiving the death benefit.
    c. All loans against the life insurance policy must be reviewed by outside competent counsel to determine the possible tax consequences.
    d. The life insurance policy should meet the requirements for X College to own a life insurance policy as previously stipulated.

3. Guidelines to Gift a New Policy to X College:

    a. An offer of insurability should be obtained by the issuing life insurance company
    b. An illustration should be prepared by the issuing company showing how the life insurance policy will perform under current and guaranteed assumptions and submitted to X College for review.
    c. The life insurance policy should meet the requirements for X College to own a life insurance policy as previously stipulated.

4. Obligations of X College as Owner of a Life Insurance Policy:
    a. Provide the donor(s) proper gift receipts, gift valuation and substantiation for filing with their income tax return in accordance with the NAD Planned Giving & Trust Services Manual.
    b. Ensure annual premiums, if needed, are paid
    a. When the donor(s) contributes the premium, the college will include the entire amount of the additional premium payment as a gift in the year that it is made.
    b. When a donor(s) fails to contribute the annual premium
        i. X College will pay the annual premium and notify the donor
        ii. If a second annual premium is missed then X College has the right to surrender the life insurance policy.

c. Review the life insurance policy on an annual basis to determine how long the policy will last under current and guaranteed assumptions
d. Provide a report of the life insurance policy's current status to the donor(s) and to the X College board of trustee.

5. X College as beneficiary with no incidents of ownership:
    a. X College is not responsible for the life insurance policy.
    b. The life insurance policy cannot be listed as a gift
    c. When X College receives the death benefit a gift will be considered to have been made and a gift receipt will be given to the donor(s) estate for the full amount of the proceeds paid to X College, regardless of the policy size.

V. Policies and Procedures Pertaining to Sponsorships and Events

1. Funds received to sponsor activities, events or projects will be acknowledged as a gift in the amount of the sponsorship when:
    a. Limited recognition is given in exchange for the sponsorship such as simple logo placement or listing/announcing of a name. This can include the sponsor's business location address and telephone number and internet address, a value-neutral description of the sponsor's products or services, and the sponsor's brand/trade name or product/service listings.

   A sponsor name placed on a brick, chair, or other item that remains part of the institution and not removed from campus does not reduce the gift value of the sponsorship.

2. Funds received to sponsor activities, events or projects will <u>not</u> have any gift value if
    a. There is competitive pricing of product information displayed, the sponsor receives a return benefit greater than 2 percent of the value of the sponsorship contribution, there is qualitative or comparative advertising of sponsor's products or services such as pricing, savings, value, purchase/sale inducements, etc., or when the sponsorship is contingent on event attendance or volume of public exposure, or if the sponsorship requires an exclusive vendor relationship.

3. Funds received for a special event may have a gift value if there are funds provided in excess of the commercial value of benefits received in goods or services; or if the goods or services have "insubstantial value" as defined by the IRS. For calendar year 2015, "low cost articles" qualifying for "insubstantial value" are those whose FMV is not more than two percent of the donor's payment or $105.00, whichever is less; or when the payment is at least $52.50 and the only benefits received are token items such as mugs, calendars etc., bearing the organization's name or logo. These token items are deemed to be "low cost articles" if their cost (as opposed to their fair market value) does not exceed $10.50, in the aggregate, for all items received by the donor during that year.

VI. Policies and Procedures for the Campaign for X College 2018-2022

A. Gift and pledge commitments will be counted toward campaign totals if such commitments have not been counted toward a previous campaign goal <u>and</u> if such commitments are applicable toward the featured facility set forth in campaign materials. Gift commitments prior to the official launch of the campaign which were accepted and held by the College for the purpose of this campaign will be included in campaign totals. The Board of Trustees reserves the right to extend the campaign and in such a circumstance this policy will adjust accordingly.

B. Statements of intent and pledges of outright gifts should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The normal period for multi-year outright gifts is three to five years.

C. During the multi-year campaign period, prospective donors may be asked to make an unrestricted annual gift commitment <u>and</u> a capital campaign gift commitment to the College. Payments will be allocated per the designation of the donor, per the gift proposal presented to the donor if the payment matches the gift proposal, or in the same proportions as the gift proposal if the payment is less than the gift proposal. In some cases, the prospective donor(s) may also be asked to consider a deferred or planned gift to the College.

D. X College will provide all possible staff and volunteer assistance to potential donors to discuss the College's funding priorities, the donor's interests, etc.

Gifts of cash, negotiable securities, and commitments of similar assets are the forms of donor commitment which have the greatest impact on the College and its plans for the immediate future. The rationale and urgency surrounding the facility priorities reflected in the campaign command timely funding to assure a strong future for X College.

E. Campaign reports shall include: (1) the total and sources of outright gifts, statements of intent and pledges received and payable within the campaign period and post-campaign accounting period as specified above; (2) the total of deferred (future) commitments as defined in Section I below which will be received at an undetermined time in the future; and (3) the grand total of all commitments, outright and deferred, being credited to the campaign.

F. No verbal pledge commitments will be included in reported campaign totals. Either a signed pledge card, a letter of intent or a letter of confirmation of verbal pledges from the College to the donor must be filed with the Development Office before a pledge commitment is reflected on campaign reports.

G. Irrevocable gift commitments which mature during the course of the campaign will be credited immediately to outright campaign attainment figures, unless previously designated for non-campaign purposes.

H. Revocable deferred gifts which mature during the campaign period and have no donor specified restrictions will be credited to campaign attainment figures when received, if not reported in a previous campaign. Such bequests will be credited, recognized and/or commemorated at the value established at the time of probate and/or at the fair market value on the date of the transfer of the asset(s). If any portion of the total amount was previously entered in campaign "future" expectancies as a testamentary pledge, this amount shall be subtracted from what is credited to the "future" reports of the campaign.

I. New bequest expectancies will be credited at zero value toward campaign attainment unless a copy of the bequest is provided to X College and the donor is or will be age 90 or greater by the end date of the campaign. When a copy of the will is received, specific bequests will be counted at face value; residual bequests will be counted at half of the donor designated value. Bequest expectancies from donors younger than 90 years will not be credited to a campaign.

New irrevocable gifts which document X College as an irrevocable beneficiary may be counted if the donor is age 90 or greater by the end date of the campaign.

V. Changes or Deviations From Gift and Pledge Policies and Procedures

These gift and pledge policies and procedures have been reviewed and accepted by the X College Board of Trustees. Any changes or deviations from these policies and procedures must be approved by the X College Board of Trustees.

Approved on the _____ day of ________________________, 2018.

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Gary Thurber, Chairman of the Board

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Vinita Sauder, Secretary

Appendices

Model Standards of Practice for the Charitable Gift Planner

PREAMBLE
The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. PRIMACY OF PHILANTHROPIC MOTIVATION
The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. EXPLANATION OF TAX IMPLICATIONS
Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. FULL DISCLOSURE
It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. COMPENSATION
Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. COMPETENCE AND PROFESSIONALISM
The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. CONSULTATION WITH INDEPENDENT ADVISORS
A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

VII. CONSULTATION WITH CHARITIES
Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. DESCRIPTION AND REPRESENTATION OF GIFT
The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. FULL COMPLIANCE
A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. PUBLIC TRUST
Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

Code of Ethical Principles and Standards of Professional Practice

The Association of Fundraising Professionals (AFP) exists to foster the development and growth of fundraising professionals and the profession, to promote high ethical behavior in the fundraising profession and to preserve and enhance philanthropy and volunteerism.

Members of AFP are motivated by an inner drive to improve the quality of life through the causes they serve. They serve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism; and hold stewardship of these concepts as the overriding direction of their professional life. They recognize their responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled.

To these ends, AFP members, both individual and business, embrace certain values that they strive to uphold in performing their responsibilities for generating philanthropic support. AFP business members strive to promote and protect the work and mission of their client organizations.

AFP members both individual and business aspire to:

- practice their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust
- act according to the highest goals and visions of their organizations, professions, clients and consciences
- put philanthropic mission above personal gain;
- inspire others through their own sense of dedication and high purpose
- improve their professional knowledge and skills, so that their performance will better serve others
- demonstrate concern for the interests and well-being of individuals affected by their actions
- value the privacy, freedom of choice and interests of all those affected by their actions
- foster cultural diversity and pluralistic values and treat all people with dignity and respect
- affirm, through personal giving, a commitment to philanthropy and its role in society
- adhere to the spirit as well as the letter of all applicable laws and regulations
- advocate within their organizations adherence to all applicable laws and regulations
- avoid even the appearance of any criminal offense or professional misconduct
- bring credit to the fundraising profession by their public demeanor
- encourage colleagues to embrace and practice these ethical principles and standards
- be aware of the codes of ethics promulgated by other professional organizations that serve philanthropy

ETHICAL STANDARDS

Furthermore, while striving to act according to the above values, AFP members, both individual and business, agree to abide (and to ensure, to the best of their ability, that all members of their staff abide) by the AFP standards. Violation of the standards may subject the member to disciplinary sanctions, including expulsion, as provided in the AFP Ethics Enforcement Procedures.

Member Obligations

1. Members shall not engage in activities that harm the members' organizations, clients or profession.

2. Members shall not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.

3. Members shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.

4. Members shall not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.

5. Members shall comply with all applicable local, state, provincial and federal civil and criminal laws.

6. Members recognize their individual boundaries of competence and are forthcoming and truthful about their professional experience and qualifications and will represent their achievements accurately and without exaggeration.

7. Members shall present and supply products and/or services honestly and without misrepresentation and will clearly identify the details of those products, such as availability of the products and/or services and other factors that may affect the suitability of the products and/or services for donors, clients or nonprofit organizations.

8. Members shall establish the nature and purpose of any contractual relationship at the outset and will be responsive and available to organizations and their employing organizations before, during and after any sale of materials and/or services. Members will comply with all fair and reasonable obligations created by the contract.

9. Members shall refrain from knowingly infringing the intellectual property rights of other parties at all times. Members shall address and rectify any inadvertent infringement that may occur.

10. Members shall protect the confidentiality of all privileged information relating to the provider/client relationships.

11. Members shall refrain from any activity designed to disparage competitors untruthfully.

Solicitation and Use of Philanthropic Funds

12. Members shall take care to ensure that all solicitation and communication materials are accurate and correctly reflect their organizations' mission and use of solicited funds.

13. Members shall take care to ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

14. Members shall take care to ensure that contributions are used in accordance with donors' intentions.

15. Members shall take care to ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.

16. Members shall obtain explicit consent by donors before altering the conditions of financial transactions.

Presentation of Information

17. Members shall not disclose privileged or confidential information to unauthorized parties.

18. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client and shall not be transferred or utilized except on behalf of that organization or client.

19. Members shall give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.

20. Members shall, when stating fundraising results, use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the American Institute of Certified Public Accountants (AICPA)* for the type of organization involved. (* In countries outside of the United States, comparable authority should be utilized.)

Compensation and Contracts

21. Members shall not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees. Business members must refrain from receiving compensation from third parties derived from products or services for a client without disclosing that third-party compensation to the client (for example, volume rebates from vendors to business members).

22. Members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.

23. Members shall neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.

24. Members shall not pay finder's fees, commissions or percentage compensation based on contributions, and shall take care to discourage their organizations from making such payments.

25. Any member receiving funds on behalf of a donor or client must meet the legal requirements for the disbursement of those funds. Any interest or income earned on the funds should be fully disclosed.

Adopted and subscribed to by the Association of Fundraising Professionals. Adopted 1964. Revised Sept 2007.

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III. To have access to the organization's most recent financial statements.

IV. To be assured their gifts will be used for the purposes for which they were given.

V. To receive appropriate acknowledgement and recognition.

VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.

VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.

Glossary

Bargain Sale – A bargain sale results when a donor sells property to a nonprofit for less than its fair market value. In a bargain sale, the nonprofit receives the benefit of the excess of the property's market value over its cost. The donor relinquishes the property and receives the sale price of the property in return. The donor may deduct the difference between the fair market value and the sale price.

Bequests – A gift of property or assets to a beneficiary as defined in a will or trust.

Board of Trustees – The governing board elected or appointed to direct the policies of X College.

Buy-back Transaction - Buy what has been previously sold, lost, or given away.

Cash Surrender Value – The sum of money an insurance company will pay to the policy holder or annuity holder in the event his or her policy is voluntarily terminated before its maturity or the insured event occurs. This cash value is the savings component of most permanent life insurance policies, particularly whole life insurance policies.

Charitable Gift Annuities – A certain fixed sum of money paid at certain regular times by a charity to a donor or other designated beneficiary, or both, in exchange for the donor's gift of cash or property. This allows the donor to make a gift to a nonprofit and receive an income for the rest of the donor's life. Upon the death of the beneficiary of the annuity, the nonprofit receives the remainder.

Charitable Gift Value – The Internal Revenue Service's assumed value of the contribution to charity, measured in present value terms.

Charitable Lead Trust – A trust from which a charity receives income for the duration of the trust, after which time the principal is either returned to the donor or distributed to other people. This trust may be an annuity trust or a unitrust.

Charitable Remainder Trust – An irrevocable trust established to provide payments for the life of one or more people or for a term not to exceed 20 years, with the irrevocable remainder being distributed to one or more qualified charities.

Closely Held Securities – Securities in entities that have been organized for profit-making purposes and are rarely traded on stock exchanges.

Encumbrances – A claim against a property by another party. Encumbrance usually impacts the transferability of the property.

Environmental Audit – An independent assessment (not conducted by the EPA) of a facility's compliance policies, practices, and controls.

Face Value – The nominal value or dollar value of a security stated by the issuer.

Irrevocable Beneficiary – Named beneficiary which cannot be retracted or revoked.

LLC (Limited Liability Company) – A form of organizing a business, sanctioned by the laws of many states, so that the legal liability of an owner of the business for the activities of the business is limited to the value of that owner's interest in the company.

LLP (Limited Liability Partnership) – Another name for LLC, often used by professional associations. The partner of investor's liability is limited to the amount he/she has invested in the company.

Negotiable Securities – Securities that can be transferred or delivered to another party.

Pledge – A promise that is written, signed, and dated, to fulfill a commitment at some future time; specifically, a financial promise payable according to terms set by the donor. May also be verbal.

President's Council – X College administrators including the President, Chaplain, Faculty Senate Chair and the Vice Presidents for Academic Administration, Financial Administration, Student Services, Advancement, and Enrollment and Student Financial Services.

Publicly Traded Securities - Securities which are regularly traded on a public stock exchange.

Remainder Interest – The right to receive the remaining principal when a trust terminates. In the case of a charitable remainder trust, the charity would receive the remainder interest; of a charitable lead trust, either the donor or designated other/s would receive it.

Qualified Independent Appraiser – A person meeting the relevant requirements, qualified by education, training, and experience to provide appraisals as outlined by publication 561 of the Internal Revenue Service.

Residual Bequests – The residue of an estate consists of the remainder of the donor's estate that has not been given to specific named beneficiaries. In many cases, the nonprofit will receive a percentage of the residue of the donor's estate.

Specific Bequests – A distribution of a certain amount of cash, securities, or a particular piece of personal property—for example, a stated amount of money, a specific number of shares of stock, or a particular piece of artwork.

Statement of Intent – A statement declaring a person's intention to make a gift or bequest. In some states such a letter constitutes a legal obligation.

Tangible Personal Property – Any property (other than cash, securities, and real estate) that can be touched, moved, and accurately or approximately appraised. Examples: Furniture, Automobiles, Books, Artwork, Clothing, Antiques, Equipment, Collections