

# UNIVERSITY OF CENTRAL MISSOURI FOUNDATION GIFT ACCEPTANCE POLICY

## I. PURPOSE

The University of Central Missouri Foundation (“Foundation”) will actively solicit current and deferred gifts from individuals, corporations, foundations, and other private entities to secure the financial growth and fulfill the mission of the Foundation. The purpose of these policies and guidelines is to define the practices and policies governing the acceptance of gifts by the Foundation and to provide guidance to prospective donors and their advisors when making gifts to the Foundation, so as to facilitate the gift-giving process.

This policy should be interpreted in light of two overriding principles:

Principle 1: Gifts should not be accepted unless there is reasonable expectation the gift will ultimately benefit the Foundation. The Foundation encourages private support that will not encumber the Foundation with gifts that may be restricted in a manner not keeping with either the Foundation’s or the University’s mission or are likely to generate a disproportionate cost or obligation in relation to the benefit received.

Principle 2: Gifts should not be accepted if such acceptance would not be in the best interest of the donor. In all matters involving a donor or prospective donor, the interest of the donor shall come before that of the Foundation. Seeking to further the philanthropic cause of the Foundation shall not outweigh a proper concern for the best interest of the donor. A determination of the donor’s “interest” shall include, but not be limited to, a consideration of the donor’s financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning the gift.

## II. GENERAL POLICIES

### *Compliance responsibility for gift acceptance policy*

Overall responsibility for ensuring compliance with the requirements of this policy rests with the Executive Director. In appropriate cases, gift proposals will be further screened by the Gift Acceptance Committee.

### *Evaluation of Costs Associated with Acceptance of Certain Gifts*

Proposed gifts of property and gifts-in-kind must be evaluated to determine whether the risks and costs to the Foundation associated with receiving the gift can be accommodated prudently. Such evaluations might include the possible risk of liability to the Foundation, and the cost of transportation to the Foundation, storage costs while making adequate campus space available, cost of maintenance, repair and insurance and cost of disposal. The authority and responsibility for prompt, careful evaluation of such costs shall rest with the Executive Director, who may, after conferring with the appropriate parties, bring the gift proposal to the Gift Acceptance Committee for its review and decision.

### *Unrestricted Gifts*

To provide the Foundation with maximum flexibility in the pursuit of its mission, donors shall always be encouraged to make unrestricted gifts in support of the mission of the Foundation.

### *Acceptance and Administration of Restricted Gifts*

The Foundation may accept gifts restricted for specific programs and purposes, provided that such gifts are consistent with its stated mission and do not violate the terms of its corporate charter or this policy. Gifts received by the Foundation must not inhibit it from seeking similar or different gifts from other donors. No gift can be received which limits or deters, beyond a general definition of subject area, the research that a faculty member or student can perform or the administration of academic programs and services.

Frequently, donors require the Foundation use gifts in particular ways. It is the responsibility of the Foundation to comply with such arrangements if such a gift is accepted. The Executive Director is responsible for ensuring compliance with the requirements regarding gift acknowledgements and receipts.

If there is any question as to whether a proposed restricted gift might in any way be in conflict with the Foundation and its policies, the gift proposal may be presented to and approved by the Gift Acceptance Committee ("Committee") prior to receiving the gift.

In instances such that the restrictions imposed by the donor are specified in writing and require a signed agreement by the Foundation, as in the case of a trust agreement, such an agreement is to be signed only by the Executive Director or the Foundation Board President ("President") after the approval of the Committee, if required under this Policy.

### *Qualified Appraisals*

Legal and ethical requirements prohibit the Foundation from appraising gifts. This protects both the donor and the Foundation. Such appraisals, if required by law or particular circumstances, are to be conducted by certified, independent appraisers not associated in any way to the Foundation and the cost shall be the donor's responsibility.

## **III. GIFT ACCEPTANCE COMMITTEE**

It is recognized that certain gifts, including but not limited to those involving unusual funding arrangements, should not be routinely processed, but should be reviewed by the Committee, which receives its authority from the Foundation Board of Directors ("Board"), as described within this policy statement.

The types of gifts which will be referred to the Committee include, but are not limited to, the following:

- Gifts requiring unusual funding arrangements or other commitments.
- Gifts of intangible or unusual personal property, including vessels or boats.
- Gifts of non-publicly traded securities.
- Gifts of partnership interests and other non-traditional investments.
- Gifts of real estate as defined further in this policy statement.

- Certain annuity contracts and charitable annuity trusts as defined further in this policy statement.
- Gifts with special restrictions that may be difficult or costly to administer.
- Any gifts that are exceptions to existing guidelines or which fall outside the definition of acceptable gifts as defined by this policy statement.

All final decisions on the restrictive nature of such gifts, and the Foundation's acceptance or refusal, shall be made by the Committee.

Members of the Committee shall consist of:

- The Foundation Board President
- The Foundation Board Vice President
- The Foundation Board Treasurer
- The Chair of the Development Committee
- The Foundation's Executive Director

The President shall serve as the Chair of the Committee. The Chair may also consult with any other officer, director or staff member of the Foundation whom the Chair believes appropriate.

The Committee shall typically meet by telephone conference. A Committee meeting may be called by the Chair or the Executive Director, as may be necessary. Three (3) members of the Committee constitute a quorum.

All decisions of the Committee must be made by unanimous vote of the Committee members present at a Committee meeting. If consensus is not reached, the Foundation shall decline the intended gift, or the Committee may, by majority vote of all Committee members, present the proposed gift to the Foundation's Board of Directors for consideration and the Board will make the final decision regarding the gift.

Implementation of these policies is delegated to the Executive Director who shall be responsible for oversight of the acceptance of all gifts by the Foundation.

#### **IV. DONOR RELATIONS**

The Foundation shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support. The interests of prospective donors shall be a primary consideration with respect to any gift to the Foundation. Pressure techniques are not acceptable, and no program, agreement, trust, or contract shall be presented which would benefit the Foundation or its beneficiary units at the expense of the donors' best interests and charitable motivations. All prospective donors will be advised to consult their own legal, financial or tax advisors regarding the tax implications of a gift and matters related to estate planning.

#### **V. CURRENT AND DEFERRED GIVING**

*Current Giving*—A current gift involves the transfer of money or property by a donor to the Foundation, without receipt of consideration or economic benefit by the donor in return for making the gift. Such gifts are placed at the immediate disposal and may be either restricted or unrestricted in purpose. Most types of property may be donated as current gifts, although gifts other than cash and publicly-traded securities must comply

with the provisions and guidelines contained within this policy. Often the amount of a gift of cash or securities can be increased through a corporate matching program. The Foundation aggressively pursues such opportunities through active communication with donors and beneficiary units.

*Deferred Giving*—A deferred gift involves the irrevocable transfer of an asset to the Foundation, where the donor generally retains either an income stream or a remainder interest. Current tax laws allow several planning alternatives for deferred gifts, although a donor will not receive charitable tax deductions unless the program selected complies with applicable requirements established by the Internal Revenue Code, or other laws or regulations which govern certain types of deferred gifts. The Foundation will urge all prospective donors to seek the assistance of personal legal, financial and tax advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

The Foundation's deferred giving program is referred to as "Planned Giving." Planned Giving supplements and enhances the overall development programs of the Foundation by:

- Offering opportunities to make gifts during a donor's lifetime to those who desire to retain some income from their capital for themselves and their beneficiaries.
- Enabling donors to make larger gifts during their lifetime than could normally be made.
- Encouraging estate planning by offering lifetime and testamentary gift opportunities available under existing tax laws.

All donors who participate in a planned giving program and provide documentation to that effect are eligible for membership in a planned giving recognition society, a component of the Foundation's donor recognition program.

#### Types of Acceptable Gifts

The Foundation may accept the following types of gifts:

- Cash
- Digital or Virtual Currency (Cryptocurrency)
- Tangible personal property
- Securities
- Real estate
- Remainder interests in property
- Oil, gas, and mineral interests
- Bargain sales
- Life insurance policies
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations

The following criteria govern the acceptance of the gift types listed above.

Cash—Cash is acceptable in the form of domestic and foreign currency, money orders, checks or electronic transfer (either through a wire transfer to the Foundation’s bank account or by a verified credit card transaction). The postmark date is the gift date for gifts of cash mailed to the Foundation. Checks should be made payable to “UCM Foundation.”

Digital or Virtual Currency (Cryptocurrency) – The Foundation accepts cryptocurrency as accepted by its third-party processor under the conditions described below:

*Policies & Procedures for Gifts of Cryptocurrency.*

- Donors will electronically transfer cryptocurrency directly to a Foundation brokerage account. Transfers made directly to the brokerage account will be liquidated almost immediately.
- The Foundation will provide a signed gift receipt that states the donor may be eligible to claim a charitable deduction for their contribution if they itemize their federal income tax return. Although the Foundation would not value the gift for donor acknowledgment purposes, the Foundation must value the gift for its own internal financial reporting. This is not information the Foundation would share with the donor, as it could impact the donor's preparation of his or her income tax return. If the donor relied upon this information, it could cause the Foundation to incur penalties if the donor used the information and it resulted in the incorrect overstatement of an income tax deduction later disallowed by the IRS.
- The Foundation must also file IRS form 8282 if all or a portion of the cryptocurrency is sold, exchanged, or otherwise disposed of within 3 years and give a copy of the form to the donor. This includes converting the cryptocurrency into cash.
- For noncash contributions exceeding \$500, the Foundation should be asked to sign the “Donees Acknowledgment” portion of IRS Form 8283, Noncash Charitable Contributions, to acknowledge that it is a qualified organization under section 170(c) and that it received the donated property as described.
- Those currencies which are determined to be restricted by applicable laws will be reviewed by the Executive Director and legal counsel.
- Only the Committee can approve an agreement to hold cryptocurrency for a specified period of time and are accepted only on a case-by-case basis where an investigation reveals no significant potential for liability for the Foundation in receiving the gift, and with the likelihood of a sale or redemption within a reasonable time.
- Acceptance of cryptocurrency must be approved by the Committee with the following factors to be considered:
  - any restrictions on the commodity that would prevent its conversion to cash,
  - ensure that the donor is identified and known by the Foundation,
  - carrying costs, such as qualified appraisals, currency analysis and/or conversion fees.

- No cryptocurrency will be accepted that has violations of local, state or federal law.
- Appraisals, at the donor's expense, are required for all gifts for which the donor estimates the fair market value to be \$5,000 or more.

*Tangible personal property*—Tangible personal property is property (corporeal movable property) other than real property (immovable property), which is often defined as property that can be touched. Gifts of personal property and gifts-in-kind include but are not limited to such items as precious metals, jewelry, artwork, collections, and equipment.

*Policies & Procedures for Gifts of Tangible Personal Property:*

- The Foundation is free to sell or liquidate any gift property at any time, unless otherwise agreed in writing. Only the Committee can approve an agreement to hold property for a specified period of time.
- Title to the gift property should be clear, unencumbered and properly documented.
- Appraisals, at the donor's expense, are required for all gifts for which the donor estimates the fair market value to be \$5,000 or more.
- Extraordinary gifts of tangible personal property will be referred to the Committee, which will consider the following factors in reviewing such gifts for acceptance:
  - Does the property further the mission and purposes of the Foundation?
  - Is the property marketable, or can it be used by the Foundation in furtherance of the university's purposes and mission?
  - Are there any restrictions on the use, display, or sale of the property?
  - Are there any carrying costs, possible adverse legal consequences, or potential liabilities associated with ownership of the property?

*Securities*—The Foundation accepts both publicly-traded securities and closely-held securities under the conditions described below:

*Policies & Procedures for Gifts of Publicly Traded Securities.* (Securities regularly traded on a public stock exchange)

- It is preferred that donors electronically transfer marketable securities directly to a Foundation brokerage accounts. Transfers made directly to the brokerage account can be liquidated almost immediately and with little additional paperwork required from donors.
- Alternatively, marketable securities may be delivered physically to the Foundation office with the donor's/transferor's stock power attached.
- The Foundation's will sell all marketable securities as soon after receipt as reasonably feasible. Only the Committee can approve an agreement to hold securities for a specified period of time.

- Those securities which are determined to be restricted by applicable securities laws will be reviewed by the Executive Director and legal counsel. If the restrictions are deemed to be unreasonable or excessive, acceptance will be referred to the Committee.
- The value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the day the stock is received by the Foundation.

*Policies & Procedures for Gifts of Closely-Held Securities.* (Securities that are not publicly traded)

- Gifts of stock in closely-held corporations are accepted only where investigation reveals no significant potential for liability for the Foundation in receiving the gift, and with the likelihood of a sale or redemption within a reasonable time.
- Acceptance of closely-held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership funds, must be approved by the Committee, with the following factors to be considered:
  - any restrictions on the security that would prevent its conversion to cash,
  - the marketability of the security,
  - the potential for other undesirable consequences for the Foundation, and the UBTI consequences of holding and selling the security.
- Gifts of closely-held securities will be valued based on a qualified independent appraisal at the time of transfer.

Real Estate. Gifts of real estate (immovable property) include developed property and undeveloped property, as well as gifts subject to a prior life interest or usufruct.

*Policies & Procedures for Gifts of Real Estate.*

- Prior to acceptance of real estate, the Foundation shall require, at the donor's expense, unless waived by the Committee, a title policy, an independent appraisal of the property's fair market value if estimated value to be \$5,000 or more, as well as a Phase I environmental study conducted by a certified environmental professional to ensure that the property has no environmental damage or other environmental issues that would expose the Foundation to liability. A survey should be obtained if there is any question regarding boundaries, easements, or access to the property. The cost of obtaining the survey may be borne by either the donor or the Foundation, as agreed upon by the parties of the transaction.
- No gift of undeveloped land, residential, rental, commercial, industrial, or agricultural real estate shall be accepted without a site visit by a member of the Committee and subsequent approval by the Committee.
- The Committee may request legal counsel to issue a written opinion regarding acceptance of the proposed real estate donation for final review and an acceptance decision by the Committee.

- No property will be accepted that has violations of local, state or federal law.
- There must be a clear title to the property, one without encumbrances by recorded or unrecorded rights of way or easements.
- Generally, the donor should not place terms or restrictions on the property regarding its use or subsequent sale by the Foundation. Restrictions must be considered by the appraiser for purposes of valuation and must be approved by the Committee prior to acceptance.
- Factors to be considered in acceptance of the property shall include:
  - usefulness of the property for the purposes of the Foundation;
  - marketability of the property, relative to its condition;
  - any restrictions, reservations, easements, or other limitations associated with the property;
  - carrying costs, such as insurance, property taxes (taking into account that the Foundation is not eligible for any homestead exemption), mortgages, liens, or notes associated with the property;
  - the results of the environmental study report, and
  - any potential liability for cleanup or restoration of the property that may be imposed under current law to a transferee.
- Gifts of real property will be valued based on its appraisal as determined by a qualified independent appraiser.
- The Foundation should maximize gifts of real estate and liquidate said gifts in a prudent and timely manner. The Committee must review all potential sales of real estate that would result in net proceeds less than or equal to 80 percent of the gift value prior to closing.
- If, at the time of acceptance of certain gifts of real estate, a third-party purchaser stands ready to buy the donated property immediately upon the property's donation to the Foundation, the Committee is fully authorized by the Board to approve the sale of the donated property if the Committee deems such sale to be in the best interest of the Foundation. Once approved by the Committee, the Executive Director or another person designated by the Committee, shall be authorized to execute any and all documentation related to the approved sale of the donated property.

*Retained Life Estate Gift (RLE) and Remainder Interests in Property.* The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions regarding the acceptance of real estate outlined previously in this policy document.

*Policies & Procedures for Gifts with Retained Life Estates and Remainder Interests.*

- The donor and spouse or other named beneficiary may continue to occupy the real property for the duration of either a term of years or until the end of life for the last spouse or named beneficiary. The retained life estate can extend beyond no more than two (2) lives unless approved by the Committee.



\*\*\*NOTE: There is no specific limit on the number of lives used for the life estate. However, the life estate is most commonly created for one or two lives.

- The remainder interest gift is irrevocable and must be transferred by means of a remainder interest deed.
- The donor is obligated to maintain the property in its current condition. Expenses for maintenance, insurance, real estate taxes, and any property indebtedness are to be paid by the donor or life beneficiary.
- The donor may at any time or times, at sole expense, make improvements to the property, provided that such improvements shall not result in a reduction of the value of the property.
- During the lifetime of the donor, if a capital improvement is necessary, it is permissible for the donor and the Foundation to share costs for the improvement, with approval from the Committee.
- The gift shall be documented with a deed and life estate agreement approved by the Foundation's legal counsel, with the life estate agreement clearly delineating responsibility for expenses of maintenance of the property, insurance, taxes (MIT) and indebtedness of the property.
- If the owner of a life estate leases the property, the Foundation has right of approval over such action. In addition, the lease should clarify that, if the donor passes away, all lease income will thereafter be paid to the Foundation for the duration of any lease. This is included in the MIT agreement.
- Donors are strongly encouraged to have all documents related to a proposed RLE reviewed by their personal attorney.
- Donors agree to hold the Foundation harmless against any and all liability arising from the property during their lifetimes.
- At the death of the donor or life beneficiary, as applicable, the Foundation may use the property or convert it to cash.
- All procedures for evaluating proposed gifts of real property, outlined elsewhere in this document, apply to proposed RLEs as well.
- If the gift of property includes divided remainder interest between multiple parties and the Foundation, the Committee will consider all factors involved as it relates to Policies and Procedures for gifts of real estate before final acceptance of the gift.

### *Oil, Gas and Mineral Interests.*

#### *Policies & Procedures for Gifts of Oil, Gas & Mineral Interests.*

- The Foundation may accept such interests upon review and recommendation of legal counsel of the Foundation.
- Factors to be considered in review of the proposed donation include:
- any extended liabilities or other considerations that make receipt of the gift inappropriate,
- whether the proposed gift is a working interest (an expense bearing interest, for which acceptance would require approval of the Committee), and
- any current or potential exposure to environmental liability or cleanup or restoration obligations under relevant law.

*Bargain Sales* The Foundation will enter into a bargain sale arrangement only when the bargain sale furthers the mission and purposes of the Foundation. A bargain sale is a sale of property for less than its fair market value. Some donors are willing to sell their property for an amount equal to their cost basis. The donor then recovers the donor's investment and receives a charitable deduction for the appreciated portion (treated as a part sale and part gift).

*Policies & Procedures for Bargain Sales.*

- All bargain sales must be reviewed by the Committee and approved by the Board.
- Factors used in determining the appropriateness of the transaction include:
- the results of an independent appraisal, obtained at the donor's expense, substantiating the value of the property,
- whether the Foundation will assume any debt with the property,
- the marketability of the property for sale within 12 months of receipt, and
- carrying costs associated with the property during the holding period prior to sale.
- All procedures for evaluating proposed gifts of real property, outlined elsewhere in this document, apply to proposed bargain sales of real property as well.

*Life Insurance Policies* "University of Central Missouri Foundation" must be named both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift.

*Policies & Procedures for Gifts of Life Insurance*

- The gift shall be valued at its interpolated terminal reserve value (cash surrender value) on the date of transfer.
- Should the donor contribute future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year the payment is made. If the donor elects not to continue to make gifts to cover premium payments on the life insurance policy, the Committee shall decide whether to continue to pay the premiums, convert the policy to paid-up insurance, or surrender the policy for its current cash value.
- No insurance products and no insurance companies or agents are endorsed by the Foundation for use in funding gifts to the Foundation. The Foundation does not furnish donor's names to third parties for the purpose of marketing life insurance to donors or for any other purpose.

*Charitable Gift Annuities* A charitable gift annuity (CGA) is a contractual arrangement between a donor and the Foundation for which the Foundation accepts a transfer of cash, cash equivalents, or publicly-traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by the Foundation. A portion of the annual payment is tax-free income to the donor, being considered return of principal. Since the gift annuity is part gift, in addition to the purchase of the annuity, the donor is allowed an income tax deduction.

The annuity is secured by all of the Foundation's assets, and the rate of return used by the Foundation and stated in the annuity contract is determined from tables published by the American Council on Gift Annuities. The rates in these tables take into account the age of the donor and/or beneficiary at the time of the gift and are actuarially calculated to provide that approximately fifty percent (50%) of the market value of each gift will remain at the death of the last annuitant.

Gift annuity contracts are governed by the laws of the state in which the donor resides. Certain of these states have stringent registration requirements.

*Policies & Procedures for CGA's.*

- The Foundation may enter into CGA contracts with minimum funding of \$10,000 for donors who contribute to an existing or unrestricted fund. A minimum gift of \$40,000 is required for donors to establish a new fund with a CGA. A minimum age for life income beneficiaries is 60. Exceptions to minimum requirements require approval of the Committee
- Contracts involving a deferred gift annuity require approval of the Committee.
- No more than two life income beneficiaries will be permitted for any gift annuity.
- The Foundation will not accept real estate, personal property or any other illiquid asset in exchange for any charitable gift annuity.
- The tables published by the American Council on Gift Annuities will be used for contractual rates unless an exception is granted by the Committee.
- Upon the death of the donor and/or other named beneficiary, the funds representing the remaining principal contributed in exchange for the gift annuity will revert to an account for the purpose specified by the donor; or, if no such purpose is specified, the fund shall revert to the unrestricted use of the Foundation.
- The specific annuity regulations and requirements for the state governing the gift annuity will first be reviewed by the Executive Director. The Foundation reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.
- Donors will be advised to seek legal and financial counsel regarding tax deductibility and similar matters.

Charitable Remainder Trusts. Charitable remainder trusts (CRT) are established when a donor irrevocably transfers money or securities to a trustee who invests the assets to pay annual lifetime income to the donor or others chosen by the donor. A charitable remainder trust is an irrevocable trust created during the life of the donor or through the donor's will or trust (a testamentary CRT). The CRT must provide that a specified amount (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable.

There are two alternatives for CRTs. One is a *unitrust (CRUT)*, which pays a fixed percentage of trust assets (not less than 5%) determined annually. The other is an *annuity trust (CRAT)*, which pays a fixed annuity and requires that an amount not less than 5% of the initial fair market value of trust assets be paid at least annually to the named income beneficiary or beneficiaries.

- *Charitable Remainder Unitrust (CRUT)*—The primary feature of a CRUT is that it can be for life or a specified term of years, after which the trust assets pass to the Foundation. Only assets of the trust may be used to satisfy the commitment to the donor; assets of the Foundation are not involved.

Under current tax law, the charitable remainder of a unitrust must equal more than 10% of the unitrust's fair market value when it is funded in order to qualify as a CRUT. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

A "straight unitrust" provides for payment to the donor and/or beneficiary quarterly an amount equal to a set percentage of the fair market value of the assets of the trust, valued annually. The percentage is determined by the donor at the time the trust is created, is stated in the trust, and is irrevocable. If annual income and capital gain do not equal the committed percentage, principal is used to make up the difference. If there is an excess, it is added to the principal.

A "net income" unitrust pays income to beneficiaries from ordinary income (as defined in the trust) and not from principal. A "net income with makeup" unitrust can make up any income payment deficits from excess ordinary income earned in subsequent years.

- *Charitable Remainder Annuity Trust (CRAT)*—This type of trust shares many common features with the unitrust, the primary difference being the manner used to calculate the payment to the income beneficiary. The unitrust provides for a payout that varies with each annual valuation; however, the annuity trust provides for fixed payments based upon the fair market value on the date the trust is established. Another difference is that additional contributions can not be made to an annuity trust. With a CRAT, the donor irrevocably transfers assets to the trust, and the trustee pays the donor, or the specified beneficiaries, a fixed dollar amount annually for life or for a predetermined term not to exceed twenty (20) years. This payout must equal at least five percent (5%) of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. If the income in any one year is less than the annual payment, the difference comes from principal.

#### *Policies & Procedures for CRT's.*

- The Foundation accepts designation as remainder beneficiary of charitable remainder trusts.

- The Foundation may serve as trustee for CRTs for which the remainder interest is at least \$50,000. Multiple charitable beneficiaries may be named on the trust document as long as the Foundation's portion is at least 60% and exceeds \$50,000.
- The CRUTs acceptable to the Foundation are the straight unitrusts, unless otherwise approved by the Committee.

Charitable Lead Trusts. A charitable lead trust is a form of split-interest gift. A lead trust is similar to a charitable remainder trust, although the qualified charity receives the income interest with the remainder interest passing to the donor or some other designated beneficiary.

*Policies & Procedures for Charitable Lead Trusts.*

- The Foundation may accept designation as the income beneficiary of a charitable lead trust.
- Because of the complexity of split-interest deduction rules, the Foundation will advise prospective donors in writing to rely upon the donor's legal, financial and tax advisors in determining whether to pursue the gift of a charitable lead trust to the Foundation.
- In general, the Foundation will not accept appointment as trustee of a charitable lead trust. Exceptions can only be granted by the Committee, after a thorough review of the circumstances.

Retirement Plan Beneficiary Designations. Donors and supporters of the Foundation will be encouraged to name the "University of Central Missouri Foundation" as beneficiary of their retirement plans, including Individual Retirement Accounts (IRAs) and qualified pension and profit-sharing plans. Donors may wish to make their spouse the primary beneficiary, in which case the Foundation may be designated as secondary or contingent beneficiary. Such designations will be recorded as gifts to the Foundation at such time that they become irrevocable. When the receipt of funds is not due until a future date, the present value of the expected cash inflow of beneficiary funds is recorded as a gift at the time the designation becomes irrevocable. Gifts from retirement plans may be established by sending a new beneficiary designation to the donor's plan administrator.

Bequests and Endowment Funds. A bequest is a gift of cash, property, or other asset made in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of the residual of the estate.

Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation in their wills and trusts. The donors and supporters will be advised to name the legal entity of the "University of Central Missouri Foundation" specifically in their wills and trusts in order to clearly indicate the intent of their bequest for the Foundation. Bequests may be given as unrestricted gifts or gifts restricted to a purpose or program designated by the donor. Donors may also establish, by bequest, a testamentary charitable remainder trust or unitrust. The bequest can be arranged so as to provide a life income for a designated beneficiary or beneficiaries. If such a gift is made by will, the principal will pass to the Foundation only after the death of the life income beneficiary or beneficiaries.

The Foundation suggests the following language be incorporated into bequests:

*I, [name], of [city, state, ZIP], give, devise and bequeath to University of Central Missouri Foundation [specific amount, or percentage of the estate, or description of property] for [describe use and purpose]."*

Bequest gifts can be used to create named endowment funds through the Foundation.

*Policies & Procedures for Endowment Funds.*

- The Foundation would prefer the donor contact them as part of the donor's estate planning process for the purpose of establishing an endowment agreement that both records the donor's intent and contains express award criteria instructions. Bequest endowment funds must be funded with at least \$25,000.
- Unrestricted bequest gifts and amounts realized by the Foundation from planned gifts of \$25,000 or more may be used to create a named endowment fund unless otherwise specified by the donor.
- Unrestricted bequests and amounts realized from planned gifts under \$25,000 may be added to the endowment pool or used for other unrestricted purposes when a specific designation has not been identified.
- Endowed funds are generally included as part of the Foundation's investment portfolio to maximize long-term growth and earnings.

*Life Insurance Beneficiary Designations.* Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations will be recorded as gifts at the time the designation becomes irrevocable. The value of the gift to be recorded shall be the present value of the beneficiary amount expected to be received.

*Other Property.* Property not otherwise described above, whether real or personal, of any type (including copyrights, trademarks, royalties, servitudes, easements or other incorporeal rights) may be accepted only after review and approval by the Committee.

## **VI. PLEDGES**

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. Fund for Excellence pledges are usually for amounts less than \$1,000 and less than one year.

Pledges over \$5,000 must have written documentation that contains the following:

- the amount of the pledge must be clearly specified
- there should be a clearly defined payment schedule
- there shall be no contingencies or conditions
- the donor must be considered to be financially capable of making the gift
- the acknowledgement that any naming opportunity associated with the pledge shall be removed if for any reason the pledge is not completed within the agreed upon payment schedule.

## **VII. FIDUCIARY RELATIONSHIPS**

The Foundation will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document, unless otherwise approved by the Committee.

The Foundation may serve as trustee to maintain its gift annuity reserve accounts, as required by relevant state law, in connection with the Foundation's charitable gift annuity program. The

Foundation may serve as trustee of charitable remainder trusts, provided that no less than 60 percent of the remainder interest in the trust is irrevocably dedicated to the Foundation, and the charitable remainder trusts meet the minimum standards established from time to time by the gift planning procedures of the Foundation. The Foundation may serve as trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Foundation will not serve as co-trustee of a trust.

### **VIII. USE OF LEGAL COUNSEL**

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters include, but are not limited to, the following:

- Closely held securities transfers that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities, or may result in potential UBTI to the Foundation.
- Arrangements and documents pertaining to such arrangements where the Foundation is named as Trustee or Executor.
- Gifts involving bargain sales or documents requiring the Foundation to take or refrain from taking some action or assume an obligation.
- Transactions with potential conflicts of interest that may invoke IRS or other legal sanctions.

### **IX. MISCELLANEOUS PROVISIONS**

It will be the responsibility of the donor to secure an appraisal when appropriate and engage the advice of independent legal and financial counsel for all gifts made to the Foundation. The Foundation reserves the right to obtain an appraisal, at its own expense, of any tangible property or real estate offered for donation, prior to acceptance. In situations where advisors retained by the Foundation prepare documents or render advice in any form to the Foundation and a donor, it shall be disclosed in writing to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor. Any documents or other advice rendered in the course of the relationship between the Foundation and the donor should be reviewed by counsel of the donor prior to completion of the gift.

The Foundation may produce materials which educate and inform prospective donors and their advisors about the various forms of giving. The Foundation pays no fees or commissions of any kind to any party as consideration for directing a gift to the Foundation, nor does the Foundation endorse any professional or fiduciary services.

The Foundation will be responsible for filing the required IRS Form 8282 upon the sale or disposition of any property sold or otherwise disposed of within three years of receipt by the Foundation when the charitable deduction value of the item is greater than \$5,000. It is understood that the Foundation must file this form within 125 days of the date of sale or disposition of the asset.

### **X. ETHICAL STANDARDS**

The Foundation is committed to the highest ethical standards. Development staff at all levels of the organization shall adhere to the *Model Standards of Practice for Charitable Gift Planners* adopted by the National Committee on Planned Giving.

## **XI. REVISIONS OF GIFT ACCEPTANCE POLICY**

Except as otherwise stated within these written policies, the Committee must approve any exceptions to policy provisions. The Committee shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of the Foundation with respect to acceptance of charitable gift. The Committee shall propose to the Board for adoption those revisions that the Committee shall determine to be necessary or appropriate in order to accurately reflect the policies of the Foundation. Any changes in these written policies require approval of the Board.

*Adopted January 25, 2013*

*Revised October 25, 2013*

*Revised February 19, 2016*

*Revised October 22, 2021*