



GIFT ACCEPTANCE POLICY

I. Introduction

A. Purpose of Document

A written gift acceptance policy is helpful to prospective donors, and frequently increases their confidence in Cumberland University. A written policy also provides guidelines for professional staff and volunteers and protects the University.

B. Philosophy of Giving/Fundraising

Cumberland University is committed to the pursuit of its mission and core values. The University welcomes the gifts of individuals, corporation, and foundations to help strengthen its programs and services.

II. Ethical Standards

A. Donor Rights

The administration of funds entrusted to Cumberland University is a great responsibility and should be entered into with the understanding that the interests of the donor are primary to the objectives of the University. No program, trust, contract, or commitment will be urged upon anyone that would benefit the University at the expense of the donor.

B. Confidentiality

1. The University recognizes that it is in a position of trust with the donor concerning confidentiality. All information concerning donors, including their names, the names of their beneficiaries, the amounts of gifts, size of estate, etc., will be kept strictly confidential unless permission is obtained from the donor.
2. Gifts are personally and publicly recognized, but all requests from donors for anonymity will be honored.

C. Conflicts of Interest

1. All personnel employed by the University to administer or solicit donations will be paid a salary or hourly wage, and will not receive commission that might give such personnel an undesired personal interest in any agreement.
2. The University's personnel will not engage in activities that conflict with their fiduciary, ethical, or legal obligations to their employer or to the donors with whom they interact.

III. Program Administration

A. Amendments

1. These guidelines will become effective immediately and will be reviewed annually and amended as necessary.
2. Responsibility for review and suggested amendments is that of the Vice President for Advancement. (In all cases, the Director may delegate to other advancement staff.)
3. The procedure to amend these guidelines will be for the Vice President for Advancement to propose amendments, as needed, subject to Board approval.

B. Authorization for Negotiations

1. Authorization to negotiate planned gift agreements with prospective donors is given to the President, Vice President for Finance, Vice President for Advancement, and Major Gifts Officers.
2. The President and Vice President will have authority to sign planned gift agreements on behalf of the University.

C. Exceptions to Guidelines

Decision as to which agreements do not fall within the scope of these guidelines will be the responsibility of the President and the Vice President for Advancement. All proposals for new agreements with the following characteristics will require prior approval by the President:

- Agreements being funded by anything other than cash or listed securities
- Assets requiring special management
- Agreements having a term of more than two lives or 20 years
- Agreements proposing to establish co-trusteeship arrangements

D. Types of Gifts

1. The University accepts the following types of donations: cash, gifts of securities (publicly traded and closely held), real property (tangible and intangible), real estate, remainder trusts, annuity trusts, lead trusts, bequests, gifts of retirement funds, life insurance, or remainder interest in a home or farm. See Appendix A for gift descriptions.
2. In this document, the term “planned gift” includes any gift that involves a legal contract or other special considerations and knowledge.

E. Use of Legal Counsel

1. The policy of the University concerning legal counsel will be to have all of its gift agreements reviewed by legal counsel.
2. Although the University provides gift planning assistance and information to donors, they will be urged to seek their own counsel in matters pertaining to their planned gifts, taxes, and estate planning.
3. The University is not engaged in the practice of law, and therefore will not draft any legal instruments, such as wills and trusts. The University will not pay legal fees that pertain to the drafting of legal gift documents. However, the University will provide specimen agreements to donors and their advisors.

F. Trusteeship and Trust Management

1. In gifts that involve trusts, the donor selects the trustee. When the University is the primary beneficiary, it may serve as trustee.
2. The donor will bear all costs in creating the trust, and the trust will bear all administration costs, except the cost of the University’s counsel, which will be borne by the University.
3. If the University serves as trustee, it will serve without compensation.
4. Interest and annuity payments are made at the discretion of the donor on a monthly, quarterly, semi-annual, or annual basis. In most cases, payments are made on standard quarterly payment dates.
5. As trustee, the University will have responsibility for determining investment strategies for funds held in trust. The University will usually follow the same investment guidelines used for other funds.

G. Publications and Solicitation Materials

1. High quality printed materials are an essential element of any fundraising effort. These materials include, but are not limited to, individual letters, newsletters, brochures, and booklets.
2. The Vice President for Advancement and the publications department will approve all materials produced in quantity (*e.g.*, annual fund cards and mailings, planned giving brochures, etc.).

H. Pledges

1. The University welcomes donation pledges.
2. All pledge documents will contain donor and University information, total amount of pledge, pledge payment amounts, dates of payment, and purpose of pledged monies.

I. Named Gift Opportunities

1. All gifts to the University are recognized each year. However, major gifts often merit additional recognition by naming a facility, program, or building in honor of the donor.
2. In general, when a gift substantially covers the cost of a program or facility, the University will consider naming the program or facility in honor of the donor. The Vice President for Advancement will make the recommendation to the naming committee that will consist of the President, a director/trustee and member of the University's Board of Directors/Trustees or Steering Committee.
3. Gifts of \$25,000 or more to the University's endowment create a named annual scholarship fund.

J. Disclaimer for "Non-Acceptance" of Gifts

The University maintains high standards of integrity. The University will not accept any donation that might compromise its core values or pursuit of its mission.

K. Donor Records

1. The University maintains a database of biographical and gift/pledge information about donors. The information in this database is intended exclusively for purposes related to the University's programs.
2. The advancement office does release contact information to volunteers acting on behalf of the University. An example of this is a volunteer contacting donors regarding an Awareness event.
3. A request from a donor not to release his or her contact information will always be honored.
4. Volunteers who directly assist the University in its fundraising efforts are given confidential information pertinent to their efforts. Information packets include the following statement:

"All information contained in this packet is the property of the Cumberland University. This information is intended for the sole use of the University. No one shall reproduce, use, distribute, disclose, or otherwise disseminate the confidential information contained herein."

IV. Gift Administration – Guidelines and Procedures**A. Gifts of Real Estate**

The following guidelines apply to the University's evaluation and acceptance of real estate gifts with values over \$10,000. The President must approve real property gifts over this amount.

1. The following information is required for evaluation of a real estate gift (including life estate agreements funded with real estate):
 - a. Present and future environmental risk, particularly in instances of agricultural and commercial property, the latter of which will require the completion of at least a phase 1 environmental site assessment.
 - b. A complete memorandum summarizing salient points (including fair market value, debt, taxes, potential liabilities, etc.) regarding the real estate will be prepared and given to the President.
 - c. A copy of the current deed, a full legal description of the property, and any and all property tax bills must be obtained. A preliminary title report should be ordered. The gift will be reviewed with the presumption that the title will be acceptable.
 - d. Copies of all mortgages, notes, and trust deeds along with the donor's current loan statement(s) must be obtained, if applicable.
 - e. An appraisal report or two broker price opinion letters must be obtained.
 - f. A list of recommended realtors should be obtained from the donor. This does not obligate the University to use the services of any particular realtor.
 - g. If the gift is to fund a charitable trust, annuity, or life estate agreement, the names and addresses of any prospective buyers (adjacent landowners, known investors, etc.) will be obtained from the donor.
2. Requirements for Acceptance
 - a. Obtain items listed in a-g above for evaluation.
 - b. Obtain an acceptable deed reviewed by the Vice President for Advancement. The cost of obtaining necessary documents should be borne by the donor. However, the Vice President may make exceptions.
 - c. A current Certificate of Insurance naming the University as a loss payee must be obtained, and must contain a 30-day written notice of cancellation provision. The University is not obligated to sell to any "buyer in the wings."
3. Other Considerations
 - a. The most importance factor in deciding whether or not to accept a gift of real property is its marketability. Is there a buyer or are there prospective buyers for this property, or could this property be used effectively by and for the University? If the answer is "yes," then the University should generally respond positively to the real estate gift.
 - b. Sometimes a particular type of property cannot, or should not, be sold immediately. If the income from the property, if any, is not sufficient to cover the taxes, insurance, maintenance, management, and development costs, the donor may make additional gifts and thus assist in payment of the costs involved in owning the property.
 - c. In certain circumstances with mortgaged property, the donor may be willing to continue making the mortgage payments.
 - d. Cost incurred for an appraisal and a title report should be paid by the donor. Tax deductions may be available to the donor for these expenses.

B. Securities

1. The University accepts gifts of publicly traded and closely held securities.
2. The value of a gift of publicly traded securities is the mean of the high and low trading prices on the official date of transfer. The official date of the gift depends on the means of transfer:

- If by mail, it is the postmark date.
 - If by overnight carrier, it is the date of receipt by the University.
 - If by electronic transfer, it is the date the security is received into the University's bank/brokerage account.
 - If by re-registering the security into the University's name, it is the date on the new certificate(s).
3. Gifts of closely held stock exceeding \$10,000 in value require the appraisal of a qualified independent appraiser. Gifts less than \$10,000 may be valued by a qualified independent appraiser or at the per-share cash purchase price of the most recent bona fide transaction involving such stock.

C. Tangible and Intangible Personal Property

1. Gifts of personal property will be considered only if needed by the University for use in pursuit of its mission or after a review indicates the property is readily marketable.
2. Personal property gifts with a total value less than \$5,000 will be recorded at \$1, unless independent verification of the fair market value is provided.
3. All personal property gifts valued over \$5,000 require approval from the President and an appraisal from a third party appraiser. The cost of the appraisal is the donor's responsibility.

D. Charitable Remainder Trusts (Annuity and Unitrusts)

1. No charitable remainder trust to be funded with a single, lump-sum contribution will be entered into with a donor for a sum less than \$50,000.
2. No charitable remainder unitrust to be funded with annual contributions will be entered into with a donor for an initial sum less than \$5,000.
3. The annual percentage payout to the donor will be at least 5% of the fair market value of the assets of the trust, and no trust will be established where the present value of the charitable gift is less than 10% of the value of the property transferred.
4. For one or two life trusts funded with a lump-sum contribution, no income recipient will be under the age of 50. For lifetime unitrusts funded with annual contributions, no income recipient will be under the age of 40.
5. No property will be accepted as trust corpus that violates any sections of the tax code pertaining to charitable remainder trusts. Property subject to a mortgage will not be accepted as trust corpus.
6. No non-income producing property will be accepted in a charitable remainder unitrust, unless the unitrust is a flip trust, a net income trust with makeup, or a net income unitrust.
7. If non-income producing property is accepted in a charitable remainder trust having an earned income only clause, then the donor will accept responsibility for any deficits in trustee fees, real estate taxes, and out-of-pocket expenses
8. The University will accept life income gifts for one or two lives, or for a term of years; in some circumstances, payment may extend to additional lives or a combination of one life plus a term of years.

E. Charitable Gift Annuities

1. The University's investment policy governing gift annuity reserves is to establish a separate account for these reserves and to invest the entire amount of these gifts during the donor's lifetime in order to protect and insure the annuity payments.
2. No gift annuity will be issued for less than \$10,000.

3. No current gift annuity agreement will be issued for an income recipient under the age of 65. For a deferred payment gift annuity, no agreement will be issued to an income recipient under the age of 30.
4. The rates payable on charitable gift annuities will be those established by the National Committee on Gift Annuities.
5. No gift annuity agreement will be for more than two lives.
6. For deferred gift annuities, the period of deferral between the initial transfer of assets from the donor and the date annuity payments commence will be no more than 35 years.
7. No gift annuity will be issued unless the charitable gift computed using government tables exceeds 10% of the value of the initial gift.

F. Charitable Lead Trusts

1. No charitable lead trust will be established for an amount less than \$50,000.
2. Charitable lead trusts may be based on the donor's lifetime, or alternatively, on a term of years.
3. A charitable lead trust may be structured as a gift and estate tax saver, and/or as a generation-skipping tax saver, as appropriate. In some circumstances, charitable lead trusts may also be structured to save income taxes.

G. Life Insurance

The University will accept gifts of life insurance that meet one of the following criteria:

1. Paid up policies. These are policies taken out by an individual who has completed all premium payments and now wishes to donate the policy to the University. If the donor names the University as owner and beneficiary, it is an irrevocable gift.
2. New policies in which Cumberland University is named owner and beneficiary. A donor may wish to take out a life insurance policy with the objective of making a gift to the University. In these cases, the University is named owner and beneficiary. The donor pays the premiums directly to the insurance company.
3. Policies in which the Cumberland University is named beneficiary, but not owner. For a variety of reasons, the ownership of some policies cannot be changed. However, the donor may designate a charitable beneficiary. A gift of this type of policy would be a revocable deferred gift, because the donor retains ownership.

H. Life Estate Agreements

1. Since a life estate agreement involves a future gift of real estate to the University, all the considerations in section III (A) will apply.
2. In addition to transfer of deed, a legal instrument that details the responsibilities of the donor and the University must be developed and mutually accepted by both parties before entering into any life estate agreement.
3. If state law requires participation of the remainderman in any capital improvements on the property subject to a life estate agreement, no expenditures for capital improvements will be made without approval of the President.

I. Pooled Income Fund Trusts

The University chooses not to enter a pooled income gift program for the present time.

J. Bequests

1. No bequest will be authorized to be received by the University without the approval of the President.
2. The policy of the University concerning bequests that are contested is that the University will defend with all legal means the right of an individual to determine his/her beneficiaries, and the right of the University to receive gifts.

3. All unrestricted bequests and matured deferred gifts will be designated to specific programs of the University as directed by the Board of Trust.

K. Revocable Gift Agreements

1. In no case will any revocable agreement funds that have not matured be disturbed for current use by the University.
2. The minimum deposit accepted for a revocable agreement is \$25,000.
3. The minimum age for which a revocable agreement will be issued is 60.

V. Reporting and Counting Gifts

A. Acknowledge of Gifts, Gift Receipts

1. The advancement office will officially recognize all gifts with a letter stating the gift amount within two days of receipt of the gift.
2. Gifts of more than \$500 will receive a personal letter in addition to the standard response.
3. Gifts are recognized/reported based on the University's calendar/fiscal year.

B. Restricted Gifts

1. Gifts offered as restricted to specific projects, programs, or purposes as specified by the donor shall be accepted at the discretion of the President and/or Vice President for Advancement only when the specified purpose is consistent with the established goals and priorities of the University.
2. An amount not to exceed fifteen percent of all contributions restricted for programmatic and capital, including those made since June 1, 2006 (the beginning of the current campaign), shall be retained within the University's operating budget to offset administrative and fundraising costs.

C. Recording and Counting Gifts

To provide uniformity in reporting and departmental credibility, the Vice President for Advancement will report and count all donations and agreements in accordance with industry standards, outlined below:

1. For **internal reports**, the University will use a dual reporting system that includes both:
 - a. The full face value of all donations, current and deferred; and
 - b. That allowed by the Internal Revenue Service as a charitable deduction for federal income tax purposes (or the discounted present value).
2. For **external reports**, such as the annual report, only the face value amount will be reported.
3. **Campaign reporting** will follow a similar format. For the purpose of external reporting of dollars raised toward a campaign goal, the University will report and count the full face value of all documented deferred gifts and pledges. Internal reports will follow the same dual report system outlines above. For specific campaign gift counting guidelines for specific programs, see Appendix B.
4. **Charitable lead trusts** provide irrevocable pledges to the University. The University will report the income received each year during the period of operation of a trust, except during a campaign, in which case the University will also report amounts expected to be received in the remaining years of the campaign and/or pledge payment period.
5. At the discretion of the Board, a bequest commitment may be recognized and counted for public purposes when the donor is 65 years of age or older. To be counted, the

University must receive a copy of the relevant portion of the donor's will, signed by the attorney for the donor.

6. If they have not been previously counted, **bequests** actually received are counted in the year received or in the campaign total following the counting policies appropriate to the form of the bequest.