



FOUNDATION

C H A N N E L
I S L A N D S

Policy on Acceptance of Gifts

Approved: 11/16/16

References:

California State University – Executive Order No. 1059;

<https://www.calstate.edu/eo/EO-1059.pdf>

ICSUAM Section 13000 - Auxiliary Organizations Administration

<http://www.calstate.edu/icsuam/documents/section13000.pdf>

Background:

The purpose of this policy is to outline the process for the review and acceptance of gifts to be administered by the California State University Channel Islands Foundation (Foundation). The Foundation was organized and operates for the purpose of fostering private giving, managing gifts and endowment funds and providing other support for the benefit of California State University Channel Islands. One of the primary functions of the Foundation is to propose, solicit and accept any gift, grant, contract, bequest, or trust which is consistent with the policies, guidelines, and directives of the CSU Board of Trustees, CSU Chancellor's Office, and CI Foundation Board of Directors.

These standards should be interpreted in the light of two overriding principles:

1. A gift shall not be accepted by the Foundation if such acceptance would not be in the interest of the University. While this document is intended to provide guidance to University personnel regarding the acceptance of prospective gifts, donors are ultimately responsible for ensuring the proposed gift furthers their own charitable, financial, and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent legal counsel in the gift planning process. It is not within the province of the Foundation or University staff to give legal, accounting, tax, or other advice to prospective donors.
2. The University / Foundation should not accept a gift unless there is a reasonable expectation that acceptance of the gift will ultimately benefit the University. The University encourages private support that will not encumber the University with gifts that may be restricted in a manner not in keeping with the University's mission or that are likely to generate a disproportionate cost or inappropriate obligation in relation to the benefit received.

Policy:

This policy establishes appropriate delegation to the campus President or his/her designee, authority to accept any gift, in accord with the terms specified by the donor, as well as policies, guidelines, and directives of the CSU Board of Trustees, CSU Chancellor's Office, and CI Foundation Board of Directors.

GIFT REVIEW AND ACCEPTANCE

By operating agreement between the University and the Foundation, the Foundation Board of Directors is responsible for accepting or declining all gifts to the Foundation for the benefit of the University.

Except for gifts requiring review and approval of the Gift Acceptance Committee or the John Spoor Broome Library, the Foundation delegates responsibility for this review and acceptance to the University President or designee with the acceptance process and level of review determined by the type of gift involved. Legal counsel for the Foundation will be consulted for advice on any gift as appropriate.

Gifts determined to pose moderate or material risk to the institution will be reviewed and considered for approval by the Gift Acceptance Committee ("GAC" defined in the following section) before being accepted and before any representations are made to the donor that the gift will be accepted.

The GAC shall consider all matters it believes are relevant to the question of whether to accept such a gift, including, but not limited to, the source of funds out of which the gift or pledge is to be made, the background of the donor, and any other material factors.

Gifts of equipment that a vice president, associate vice president, or director certifies would otherwise have been purchased by the institution may be accepted at the administrative level determined by a vice president, associate vice president, or director unless acceptance of the gift would also commit the University to unbudgeted carrying costs, in which case the gift should also be reviewed by the appropriate member of the President's Cabinet overseeing the area(s) that may be impacted.

Gifts of art or other objects (including fractional interests) must be accompanied by appropriate documentation or provenance to ensure the objects being gifted have been legally and ethically collected, purchased, or held. The Campus Acquisitions Committee ("CAC" defined in the following section) recommends acceptance of gifts of art or artifacts to the CI President. Further, the University will review risk, liability, insurance requirements, financial implications and any other aspect of the gift that may need to be taken into consideration.

The University President or his /her designee has authority and responsibility to accept gifts in kind, in accordance with the Foundation's policy.

Each gift, including its terms and conditions, and the identity of the donor, shall be considered to be confidential to the extent allowed by law.

GIFT ACCEPTANCE COMMITTEE (GAC)

The Gift Acceptance Committee (GAC) shall consist of the University President or designee, the Executive Committee of the Foundation Board of Directors, and the Vice President for Business and Financial Affairs. The GAC is a committee of the CSU Channel Islands Foundation Board.

The GAC shall meet or communicate in person, telephonically, or electronically as needed to approve all gifts of real property, non-publically traded securities, any gift that requires the Foundation to act as a trustee or a trust, and any gift determined to pose moderate or material risk to the Foundation or the University. The committee must have a majority of then-sitting members in order to recommend acceptance to the CI President or to decline gifts.

Additional GAC members may be appointed at the discretion of the University President. The committee shall consult with legal and /or audit counsel, as appropriate, in matters related to the acceptance of gifts. The University President has ultimate authority.

A draft gift agreement shall be included as part of presentations to the GAC. It is understood that upon acceptance by the GAC, all gifts or gift commitments, unless received by bequest, shall be documented with a written agreement between the donor and the Foundation.

A gift may be held and not immediately booked if there are questions or if documentation is incomplete and will work to resolve issues or complete documentation of the gift.

CAMPUS ACQUISITIONS COMMITTEE (CAC)

The Campus Acquisitions Committee (CAC) is a University advisory committee that works collaboratively with University Advancement on behalf of the Campus President. Objects are recommended to and provisionally confirmed for acquisition, acceptance, and loan by the CAC in consultation with appropriate campus departments and committees. Final approval is determined by the President or President's designee.

TYPES OF GIFTS

Gifts to the Foundation may be in the form of outright gifts, in-kind gifts, pledges or deferred commitments. Gift acceptance details and procedures for gift recording vary according to the gift type.

OUTRIGHT GIFTS

Outright gifts include cash and cash equivalents, securities, real property, interests in business entities, and personal property.

Cash and Cash Equivalents

Cash gifts of any amount are accepted by the Foundation. These gifts can take the form of currency, check, electronic funds transfer (EFT), wire transfer or credit card transaction.

Securities

Publically traded securities (stocks, bonds, and mutual funds) are accepted by the Foundation. Gifts of publically traded securities are typically sold immediately but may be retained under certain circumstances.

Gifts of securities are valued at the mean of the high and low price of the security as of the date of the gift. The date of the gift is defined as the date of the postmark on the envelope or the date of the security in hand-delivered (physical certificates) or the date the stock is received in one of the Foundation's brokerage accounts (book-held securities). The Foundation will liquidate gifted securities as soon as possible.

Proposed gifts of stock options will go to the GAC. The GAC must approve gifts of all non-publically traded (closely held) securities prior to acceptance, taking into consideration measures such as potential legal liabilities, valuation, marketability, restrictions, and any other issue that may arise either in the gift negotiation or in a corresponding shareholders' agreement.

Real Property

Real property can be used for deferred gifts (see below) as well as outright gifts. To be accepted as an outright gift or as a bargain sale gift (selling under fair market value), the gift portion of a property's fair market value must be of net benefit to the Foundation.

Real property includes improved or unimproved land, personal residences, farmland, commercial property, and rental property. These types of gifts are often complicated and require involvement of a number of professionals, advisors, and University staff. This policy shall be communicated to donors when the Foundation or University receives notification of the donor's intent to gift real property. If it is the intention of the donor that the Foundation not immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before such property may be accepted by the Foundation; in general, the Foundation shall not accept real estate gifts if the donor places restrictions limiting the choices of the Foundation to owning, managing, or disposing of property. Gifts of timeshares will go before the GAC.

If the Foundation sells or otherwise disposes of the donated property within three years of the date of the gift, the Foundation must follow IRS regulations (completion of Information Return on IRS Form 8282) and notify donor.

The donor of real property should discuss any possible charitable deduction with his or her attorney before making the decision to donate the property. The gift value of a bargain sale will be determined as described by the IRS in Publication 562. Real property may be gifted at three different times; during the donor's lifetime, upon notification by the donor of the intent to give a gift through a bequest, and upon receipt of a bequest.

Prepaid expenses shall be deducted from the gift proceeds when said proceeds are or become available for disbursement. Prepaid expenses are those that are incurred by the Foundation in securing the donated property, as well as in maintaining the donated property, such as but not limited to any and all appraisal costs, environmental impact report costs, real property taxes, escrow

and title insurance fees, personal property taxes, maintenance repair, and upkeep costs and expenses as well as disposition costs and other expenses attributable to the donated property and paid by or to be paid by the Foundation.

Personal Property: Accepted with an Intent to Sell

The Foundation may consider gifts of personal property. Such gifts may be tangible or intangible. Examples of tangible personal property include, but are not limited to, works of art, artifacts or other objects, manuscripts, literary works, vehicles, and equipment. Examples of intangible personal property include, but are not limited to, various intellectual properties such as patents and copyrights. Such gifts retained by the Foundation are considered to be gifts-in-kind.

The University in furtherance of its mission can immediately put to use, sell, or otherwise dispose of all gifts of personal property. The Foundation's intention to sell the property and use the proceeds to further the mission of the University shall be communicated to the donor in writing at the time of the gift, specifying if the gift were to be retained by the Foundation, it would be for a use unrelated to its mission and could potentially affect the deductibility of the gift.

Gifts of personal property shall be valued at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. The responsibility of choosing and securing the independent appraiser and covering the costs associated with the appraisal is that of the donor. Gifts of \$5,000 or under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of the University. If a value, as specified above, is not placed on a gift of personal property, the value shall be recorded as \$1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

Title to the gift property shall be clear and unencumbered, and property documented. Careful consideration should be given to marketability, storage, transportation and disposal costs of all gifts of personal property.

The GAC will consider all gifts of personal property with a fair market value greater than \$5,000 if not to be used by the University.

Personal Property (or Gifts-In-Kind): Retained for University Use

Gifts-in-kind are a form of personal property that will be retained and used by the University faculty, staff, administrators or students. Such gifts shall be used to further the core mission and priorities of the University and may include gifts of art, artifacts or other objects (including fractional interests). The use, need of, and (if applicable) identified funds needed to maintain the property should be clearly documented and approved by the appropriate vice president, associate vice president, or director. If applicable, Risk Management or Staff Counsel may be asked to provide approvals as well. These approvals will be coordinated through the office of University Advancement. Gifts-in-kind to the John Spoor Broome Library are handled separately.

The University reserves the right to sell or otherwise deaccession objects in accordance with the guidelines established in the Procedures for Acquisition, Loans to the University, and Deaccession.

With the exception of software, gifts-in-kind shall be valued by the donor, or the donor's non-campus designee, at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. The responsibility of choosing and securing the independent appraiser and covering the costs associated with the appraisal is that of the donor. Gifts of \$5,000 or under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of the University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded as \$1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

DEFERRED GIFTS

The Foundation accepts deferred gifts including charitable bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, gifts of life insurance and retained life estates. Whenever possible, the Foundation will outsource management of CRAT's, CRUT's and CGAs. The Foundation will not act as trustee of any trust (whether charitable or revocable) without the advance approval of the GAC.

Charitable Bequests

A donor can make a charitable bequest to the Foundation in a will and / or a living trust. A bequest of cash or publically traded securities is always acceptable. A bequest of any asset defined in this document as possibly needing approval of the GAC must be approved or declined by the GAC. Such bequests and devises shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. For a bequest involving real property, the executor, personal representative or trustee may be asked to sell the property within the estate or trust and distribute the net proceeds to the Foundation. The Foundation may also choose to decline to accept the property.

Matching Gifts

The University honors each organization's matching gift policies while optimizing matching gift opportunities as much as possible. If University staff has reason to believe that a donor is not in compliance with a matching entity's policies, staff will contact the donor for clarification. Examples may be gifts directed to non-qualifying programs or pooling of gifts with non-employee donors. The University will not knowingly submit claims for non-qualifying gifts.

The Foundation will not accept matching gifts when such gifts are associated with memberships, benefits, or naming opportunities.

Commemorative (Memorial, Honorarial and "On behalf of") Gifts

Memorial and honorarial gifts are encouraged by the Foundation as generous and thoughtful ways to recognize people's lives and accomplishments. When a memorial gift is made, the decedent's next of kin is notified by University Advancement staff, such notifications must not specify gift amounts. When necessary, and unless there is a gift instrument designating the use of such donation(s), the

next of kin will be consulted about the designation of memorial monies. In the case of honorarial gifts, the honored person is notified of the gesture without detail about gift amounts.

Diversity Gifts

If a donor wishes to designate a gift with provisions relating to ethnic, religious, gender or other descriptions, the Foundation will follow federal and state regulations in effect at the time.

Gift Refunds

There may be circumstances when it is in the best interest of donor relations to reimburse a donor. The GAC shall review such requests if the reimbursement exceeds \$5,000. If approved, in recognition of the fact that all gifts are permanent (a gift is not a gift unless it is irrevocably given), with donors likely having claimed a tax deduction for the gift, any reimbursements to donors shall be treated as income to the individual. If the payment is equal or greater than \$600, and was made in a prior tax year, such payments shall result in the generation of a 1099 to the donor who will then be obligated to pay taxes on the stated amount.