CALIFORNIA STATE UNIVERSITY, FRESNO FOUNDATION

Policy No. 2007

Gift Acceptance Policy

This policy is applicable to the following auxiliary corporations:

- ☐ Agricultural Foundation
- ☐ Association
- ☐ Associated Students, Inc.
- ☐ Athletic Corporation
- ☒ Foundation
- ☐ Programs for Children

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Responsible Position(s):

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Executive Director

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PURPOSE

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, Fresno Foundation ("Foundation"). Nothing in this Policy shall prevent the University from accepting a gift in the name of the University and without the involvement of the Foundation.

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.

2) The Foundation should not accept a gift that generates a disproportionate cost or inappropriate obligation in relation to the benefit received.

DEFINITIONS

Gift: A contribution received for the benefit of the University for either unrestricted or restricted use in furtherance of the University's mission and which requires nothing in exchange beyond an assurance that the intent of the contribution shall be honored. If a donor receives benefits in return for a contribution, the amount of the gift recorded and reported is reduced by the fair market value of all benefits given in accordance with IRS regulations.

Grant: A contribution that typically comes from a corporation, foundation, or other organization (not an individual) for either unrestricted or restricted use in furthering the mission of the University. Some grants may have special reporting requirements. In the rare cases when a difference of interpretation arises, the Provost and Vice President for Academic Affairs shall determine the proper processing and administration of the grant.

Contract: An agreement between the institution and another entity to provide an economic benefit for compensation. The agreement is binding and creates a quid pro quo relationship between the institution and the entity.

Pledge: A commitment to give a specific dollar amount according to a fixed time schedule. All pledges other than annual fund telephone pledges are required to be in writing.

STATEMENT OF POLICY

Gift Review and Acceptance

The Foundation Board of Governors has delegated responsibility to the Executive Director of the Foundation (ExecDir) to review and accept gifts, in consultation with Staff Counsel. However, gifts determined by the ExecDir to pose significant risk to the institution will be reviewed and considered for approval by the Gift Acceptance Committee ("GAC") before being accepted and before any representations are made to the donor that the gift will be accepted. Such gifts include, but are not limited to:

- Gifts of real property or an interest in real property
- Gifts of personal property with a fair market value exceeding $100,000. Examples of such gifts would include:
    - Artwork or other objects
    - Vehicles or equipment
    - Mineral, water, or timber rights
    - Oil wells
    - Overseas investments
    - Manuscripts/Literary works
    - Computer hardware/software
    - Intellectual Property/Patents

- Gifts of real or tangible personal property subject to donor restrictions regarding disposal of the property
- Non-publicly traded securities
- Stock Options
- Notification of the intent to gift real property through a bequest or trust distribution
- Interest in business entities (excluding publically traded stock)
- Alternative investments
- Other gifts of unusual items or gifts of questionable value
- Cash gifts (or pledges) totalling One Million Dollars ($1,000,000) or more

Gift Acceptance Committee

The Gift Acceptance Committee shall consist of the Executive Committee of the Foundation Board of Governors. The Vice President for University Advancement and the ExecDir will serve as staff to the committee.

Before a proposed gift is submitted to the GAC for consideration, the ExecDir shall perform the due diligence task of reviewing the background of the donor and the source of the gift funds. In any case in which a donor wishes to anonymously contribute or pledge to contribute One Million ($1,000,000) or more, the due diligence task of reviewing the background of the donor and the source of the gift funds shall instead be performed by the University President. If the University President approves acceptance of the gift, the matter shall then be presented to the Gift Acceptance Committee for final review and consideration.

The Vice President for University Advancement, or his/her designee, will assemble documentation of the proposed gift for the committee's review. The documentation shall include the amount of the gift, the purpose for the gift, terms and conditions of the gift and any other relevant information about the proposed transaction. In addition, the documentation may include introductory information about the donor's philanthropic history and capacity to give.

Gift Agreements

Written agreements setting forth the terms and conditions of the gift are required to be signed by both the Foundation and the donor for acceptance of all endowed gifts regardless of amount, and for all non-endowed gifts of $50,000 or more, unless the gift was received from a bequest or trust distribution or unless the execution of a written agreement is not feasible as stipulated in writing by either the University or the donor.

In situations where despite the exercise of diligence, it is not possible or practicable to have a signed gift agreement (donor specifically indicates that he/she/it does not want to sign a gift agreement, or dies prior to executing the written agreement, etc.) the University Advancement representative who was working with the donor on the gift shall send a written memorandum to the Director of Foundation Financial Services indicating the circumstances under which a signed gift agreement could not be accomplished.

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 can take the form of currency, check, EFT (electronic funds transfer), wire transfer, or credit card transaction.

Securities

Gifts of securities are internally 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 the security is 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.

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, the gift portion of a property's fair market value must be of net benefit to the University/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 and Foundation staff. This policy shall be communicated to donors when the University receives notification of the donor's intent to gift real property. In general, the Foundation shall not accept real estate gifts if the donor places permanent restrictions limiting the choices of the Foundation to own, manage, or dispose of property, or if the real property has debt or encumbrances associated with it. Gifts of timeshares, while discouraged, will go before the GAC unless the ExecDir decides that such proposed gift should not be considered for acceptance.

As with any gift of property, if the Foundation sells or otherwise disposes of the donated property within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the 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. An appraisal report attesting to the market value of the proposed real property gift, prepared at or near the time of the proposed donation and paid for by the donor, is required. Such appraisal report shall be prepared by a qualified, independent appraiser, and a full and complete copy of such appraisal report shall be provided to the Foundation. The Foundation shall select the appraiser if the donor will receive any item of value or right in exchange for the gift (e.g., seats at sporting events, naming rights, etc.) or if it is anticipated that maintenance costs, insurance costs and taxes to be incurred by the Foundation prior to liquidation may be substantial. Additional due diligence tasks are specified in attached Exhibit A.

If the donor wants to donate real property (or an interest in real property) to the Foundation, the acceptance will require approval by the GAC in accordance with Foundation policies and procedures.

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 Intent to Sell

With the exception of property the University can immediately put to use in furtherance of its mission, as discussed below, it is the policy of the Foundation to 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

Gifts with fair market values exceeding $5,000 will be recorded at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. If the donor does not provide an appraisal, but there is a valid alternative means of substantiating the value of the gift, the GAC will determine the value that the Foundation records internally. 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. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

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

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

Gifts of personal property that a vice president, dean, or director certifies would be used by the institution shall not be accepted by the Foundation, but shall instead be directed to the University for the University to consider for acceptance unless unusual circumstances dictate otherwise. 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.

Gifts with fair market values exceeding $5,000 will be recorded at the values placed on them by qualified independent appraisers as required by the IRS for valuing non-cash charitable contributions. If the donor does not provide an appraisal, but there is a valid alternative means of substantiating the value of the gift, the GAC will determine the value that the Foundation records internally. 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. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1. Gifts of intellectual property shall be valued according to applicable IRS guidelines.

Title to personal property should be clear, unencumbered and properly documented. Careful consideration should be given to maintenance, insurance, storage and transportation costs of all gifts-in-kind.

The GAC will review all gifts-in-kind to the Foundation valued at $100,000 or more or that may have the following circumstances:

- Acceptance of the gift involves significant or unbudgeted additional expense for its present or future use or display, maintenance, transfer, insurance or other institutional costs
- Financial or other burdensome technical or service obligations or expenses that are, or will be, incurred by the University or the Foundation as a result thereof
- The gift is made on the condition or expectation that the item(s) will be loaned back to the donor or to the donor's designee for life or extended periods of time designated by the donor
- Acceptance or subsequent utilization of the property would result in an "unrelated activity" as defined in unrelated business tax law

Interests in Business Entities

Gifts of interests in business entities (partnership interests, S corporations, C corporations, non-publicly traded stock, interests in limited liability companies, etc.) may be accepted by the Foundation with the approval of the GAC. Issues to be considered in accepting such gifts include terms of a partnership or LLC operating agreement, any issues of legal and/or financial liability in accepting the gift, the probability of conversion to a liquid asset within a reasonable period of time, projected income that shall be available for distribution and administrative fees, and the nature of the business from which the asset is derived.

Gifts of Contributed Services

The Foundation neither records nor receipts gifts of services.

Deferred Gifts

The Foundation may accept 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 deferred gift instruments. The Foundation will not act as trustee of any trust (whether charitable or revocable) without the advance approval of the GAC.

The Director of Planned Giving and Staff Counsel must also review gifts of life insurance for which the Foundation is beneficiary and owner, or gifts of insurance that are funded with assets other than cash or securities.

Retained Life Estates

Donors can receive a sizeable income tax deduction by making a gift of their personal residence or farm to the Foundation while retaining full use and rights to the property during their lifetime: the donor retains a “life estate” and the Foundation receives the “remainder interest.”

A life estate is created by transferring a deed to the Foundation which reserves a life estate for the life of the donor or his or her designees. Donors must sign a life estate agreement with the Foundation to clarify their responsibility for property repairs, taxes, insurance and other expenses. Donors are encouraged to have all documents reviewed by their own attorneys. All the normal review and gift acceptance procedures for gifts of real estate apply to gifts of life estate/remainder interest deeds.

Pledge payments and documentation

Pledge Payments

Pledges may be fulfilled with payments of cash, credit cards, EFT, payroll deductions or marketable securities.

Special Circumstances

Matching Gifts

The University will verify compliance with each organization’s matching gift policies. If University staff has reason to believe that a donor is not in compliance with a matching entity’s policies, staff will contact the matching entity for clarification. The University will not knowingly submit claims for, or accept non-qualifying gifts.

The University and its auxiliaries will no longer accept matching gifts for athletics or other entities when those gifts are associated with memberships or benefits (i.e., tickets, personal seat licenses, skyboxes, luxury suites, etc.). Applications for matching gifts to athletics for philanthropic or capital purposes will be considered when qualified.

Gifts for the Benefit of Specific Individuals
The University and the Foundation do not accept gifts made for the personal benefit of a named individual.

Premiums and Goods or Services Received
The IRS requires nonprofits to verify that no substantial goods or services were received in exchange for a contribution in order for the gift to qualify for a full charitable deduction. The IRS permits small value benefits based on the amount paid without disclosure. The IRS changes these limits annually.

Raffles and Auctions
The Foundation does not sponsor raffles or auctions.

Corporate Sponsorships
This policy does not apply to California State University, Fresno Association, Inc. or the Athletic Corporation.

Most corporate sponsorship dollars are fully countable (less the value of tangible benefits received); the determining factor is whether the recognition the corporation receives constitutes advertising. The IRS defines advertising in this instance as competitive pricing or product information displayed because of the donation. If the recognition fits this definition of advertising, the sponsorship is an exchange transaction, not a gift. Simple name or logo placement is not advertising.

If, in return for a gift, a donor or donor organization has its name placed on a brick, chair, building or other item or program that remains part of the institution, this recognition does not reduce the value of the gift so long as it is not advertising as defined by the IRS, above.

Gift Refunds
There may be circumstances when it is in the best interest of the Foundation to refund a gift to a donor. The VPUA and ExecDir shall review these requests and work with the donor to complete the refund. 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 gift refunds to donors shall be treated as income to the individual. If the payment is equal to or greater than $600, and was

made in a prior tax year, such refund payments shall result in the generation of a 1099 to the donor who will then be obligated to pay taxes on the stated amount.

Tax Considerations

The Internal Revenue Service has several requirements that relate to donor tax deductions for cash and non-cash gifts to charities.

Receipts

Advancement Services is responsible for issuing all gift receipts on behalf of the Foundation. (Individual areas may acknowledge gifts, but not receipt them.) The IRS requires a receipt to substantiate most charitable gift deductions. The donor should retain the receipt in his/her records; it need not be filed with the return.

Deductibility

Tax laws governing charitable gifts are complex; the University/Foundation encourages donors to seek professional advice on tax issues, and does not provide such advice to donors.

Gifts of Securities

Securities Not-Publicly Traded: A qualified appraisal and the University/Foundation's acknowledgment of receipt on IRS Form 8283 are required for gifts of securities that are not publicly traded if their total value is more than $10,000. In any such case, the Foundation shall not accept non-publicly traded securities if the donor has provided the University or Foundation confidential information about the company that could affect the resale price of the securities.

Publicly Traded Securities: Additional documentation is not required for gifts of publicly traded securities, regardless of their value.

Donee Information Return (IRS Form 8282)

Under certain circumstances, if the Foundation sells, transfers, exchanges or otherwise disposes of donated property within three years of the date of receipt of the property, the Foundation must file Form 8282 (Donee Information Return) with the IRS reporting such an action.

Exhibit "A"

DUE DILIGENCE TASKS FOR
CONSIDERATION OF PROPOSED REAL PROPERTY GIFTS

Depending on the specifics of the proposed real property gift, staff shall pursue some or all of the following due diligence tasks prior to consideration of the proposed gift by the GAC:

- ADA assessment report to identify any improvements to facilities that the law would require;
- Review of the preliminary title report and exception documents;
- Obtain a recent MAI appraisal of the current market value of the property;
- Have a Phase I environmental analysis prepared by a licensed environmental consultant;
- Review the title document;
- Completion by the donor of a real property questionnaire regarding use and history of the property and any improvements, water supply for the property, condition of property, as well as any contracts, leases, easements, or other legal documents affecting the property, etc.;
- Site visit/tour/inspection;
- Engage a consultant to prepare a hazardous materials survey of any existing improvements (i.e. lead, asbestos, etc.)
- Obtain a structural pest control inspection report, a roof certification, and other certifications, as applicable, as to structures on the real property.
- Develop an estimated annual budget for operations, maintenance, taxes, and other expenses associated with the property for the expected duration of the donor's combined lifetimes.
- Secure a natural hazard disclosure report to indicate presence in a flood zone, earthquake zone, etc.