Peninsula College Foundation
Gift Acceptance Policy

Adopted: <u>March 21, 2018</u>

The Peninsula College Foundation (hereinafter referred to as the Foundation), a nonprofit organization headquartered in Port Angeles, Washington, encourages the solicitation and acceptance of gifts for purposes that will help the Foundation further and fulfill its mission. Acceptance of any contribution, gift or grant is at the discretion of the Foundation. The Foundation will not accept any gift unless it can be used or expended consistent with the purpose and mission of the Foundation.

The Foundation does not provide tax, legal, financial or other professional advice to donors or prospective donors regarding the treatment of gifts and will encourage donors to seek guidance from their own professional advisors to assist them in the process of making their gift.

The Foundation holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or a prospective donor will be granted only if permission is first obtained from the donor.

The purpose of this document is to set forth the criteria that the Foundation uses to determine that a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts the Foundation accepts. While these guidelines establish best practices, they are designed to provide flexibility as directed by the Foundation's Board.

The following policies and guidelines govern acceptance of gifts made to the Foundation for the benefit of its endowment or any of its programs and purposes:

I. The Foundation Finance Committee

The Foundation Finance Committee will review all non-marketable gifts to the Foundation.

The Foundation Finance Committee will recommend acceptance or rejection of a gift to the Foundation's Board of Directors for its approval. These Policies and Procedures will be reviewed at least annually to ensure that they remain consistent with applicable laws and the programs of the Foundation.

II. Types of Gifts

A. The following gifts may be considered for acceptance by the Foundation:

1. Cash
2. Tangible personal property, including in-kind gifts

3. Securities
4. Real estate
5. Remainder interests in property
6. Life insurance and Annuities
7. Charitable remainder trusts
8. Revocable trust agreements
9. Charitable lead trusts
10. Retirement plan beneficiary designations
11. Bequests
12. Life insurance beneficiary designations
13. Intellectual property rights

The following criteria apply to the acceptance of gifts in these categories.

1. <u>Cash:</u> Cash may be accepted in any negotiable form. Checks must be made payable to the Peninsula College Foundation.

2. <u>Tangible Personal Property (property that is movable):</u> the Foundation will accept tangible personal property gifts if the gift will be useful to the Foundation and meet the purposes for which the gift is intended. In assessing the appropriateness of the gift, the Foundation should address the following questions:
   - Is the property of direct benefit to the operations of the Foundation?
   - Is the property marketable?
   - What is the market for and costs of transportation to market and sale?
   - Are there any undue restrictions on the use, display, or sale of the property?
   - Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
   - What is the cost benefit of accepting the gift?

3. <u>Publicly Traded Securities:</u> All marketable securities will be sold upon receipt unless otherwise directed by the Foundation's Board of Directors. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities may be made by the Foundation's Board of Directors.

   <u>Options and Other Rights in Securities:</u> The following questions apply to acceptance of warrants, stock options and stock appreciation rights:

   - Is the Foundation required to advance funds upon exercise of the gift? If so, the Foundation will refuse the gift.
   - Is the Foundation at risk of loss of funds in accepting the gift?
   - Are the rights restricted? And if so, does the restriction affect the ability of the Foundation to dispose of the asset? Does the restriction materially impact the value of the gift to the Foundation?

- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

4. Real Estate: The Foundation will consider real property gifts if the gift will be useful and aligned with the mission. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Potential gifts of real estate should be accompanied by an appraisal conducted by a properly licensed and qualified appraiser, with the appraisal cost borne by the donor. Prior to acceptance of real estate, the Foundation requires an initial environmental review of the property to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation may retain a qualified inspection firm to conduct an environmental audit. The prospective donor must bear the cost of the initial environmental review and any subsequent environmental audit and cleanup, if needed. When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of the title binder will be borne by the donor.

   The following criteria apply to accepted gifts of real estate:

   - Is the property useful for the purposes of the Foundation?
   - Or, for real estate to be sold to benefit the Foundation, is the property marketable?
   - Has the Board identified a professional willing to process sale of the property?
   - Are there any restrictions, reservations, easements, or other limitations associated with the property?
   - Are there carrying costs (insurance, property taxes, mortgages, or notes, etc.), associated with the property?
   - Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
   - Does the appraisal and environmental review reflect that the property is free of environmental damage? If not, is there documentation to show the property been cleaned so that it meets environmental requirements?
   - What is the cost benefit of accepting this gift?

5. Remainder Interests In Property: The Foundation may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions applicable to gifts of real estate. At the death of the life tenants, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor and/or primary beneficiary.

6. Life Insurance and Annuity: The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If

the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

a. continue to pay the premiums,
b. convert the policy to paid up insurance, or
c. surrender the policy for its current cash value.

Once the policy is accepted, life insurance holdings will be reviewed annually to determine whether it is best to continue to pay the premiums, convert the policy to paid up insurance, surrender the policy for its current cash value, or change the underlying investment structure.

7. Charitable Remainder Trusts: The Foundation encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust. However, the Foundation will not serve as either administrator or trustee of a charitable remainder trust.

8. Revocable Trust Agreements: The Foundation encourages its donors to name the organization as a beneficiary of all or a portion of a revocable trust agreement. However, the Foundation will not serve as either administrator or trustee of a revocable trust agreement.

9. Charitable Lead Trusts: The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation will not accept an appointment as administrator or trustee of a charitable lead trust.

10. Retirement Plan Beneficiary Designations: Donors and supporters of the Foundation will be encouraged to name the Peninsula College Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable.

11. Bequests: Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable.

12. 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 or annuities. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable.

13. Intellectual Property Rights: Intellectual property rights, which include royalties, patents, copyrights, contract rights or other similar interests, will be examined in light of the following criteria:

- Is the intellectual property right related to the mission of the Foundation?
- Can the ownership of the intellectual property right be clearly transferred or assigned to the Foundation?
- Is the intellectual property right a full or fractional interest? If fractional, who are

the other owners of the property and percentage interests? Is the gift deductible to the donor under the IRS partial interest gift rules?

- Does the right in the intellectual property generate, or have the potential to generate, at least $5,000 or more each year?
- Is there a market for the sale or licensing of the intellectual property right?
- Are there any costs associated with acceptance of the intellectual property right? (i.e., is the gift a patent application that will require further action to secure, are there any claims, liens or other contests associated with the property, or are there likely to be costs associated with defending the intellectual property right?)
- Are there any restrictions on the retention or use of the property?
- What agreements or other legal documents would the Foundation be required to execute in order to obtain patents, market the property and grant licenses in the name of the Foundation?
- What is the cost benefit of accepting this gift?

III. Use of Legal Counsel

The Foundation seeks the advice of outside legal counsel, as appropriate, on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

A. Documents naming the Foundation as Trustee
B. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume a legal obligation
C. Gifts of patents and intellectual property
D. Transactions with potential conflict of interest that may invoke IRS sanctions
E. Other instances in which use of counsel is deemed appropriate by the Foundation's Board of Directors or Finance Committee.

IV. Miscellaneous

A. *Securing appraisals and legal fees for gifts to the Foundation:* It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to the Foundation.

B. *Valuation of gifts:* the Foundation will record a gift received at its valuation for gift purposes on the date of gift.

C. *Responsibility for IRS Filings upon sale of gift items:* The Foundation ~~Treasurer~~ is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by the Foundation when the charitable deduction value of the item is more than $5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions can be downloaded at the following website: http://www.irs.gov/pub/irs-access/f8282_accessible.pdf.

D. *Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Foundation office*. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from http://www.irs.gov/pub/irs-pdf/p526.pdf.

E. *Disclosure provided for pooled funds*. The Foundation will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds.