

## **Gift Acceptance and Valuation Policies**

### **Bristol Community College Foundation**

#### **A. General**

1. Gifts will be valued for the purpose of recording in the books of record on the date they are transferred to and accepted by the Foundation in accordance with the Foundation's policies. The donor is responsible for supplying and signing all legal documents necessary or advisable in connection with the transfer of any property to the Foundation.
2. The Foundation will value gifts for gift and campaign credit purposes in accordance with its internal procedures reflecting, in general, the reporting standards suggested by the Financial Accounting Standards Board (FASB). Such valuation and credit will be independent of the valuation and date of the gift as reported by the donor to the Internal Revenue Service, or the value placed on the gift by the Internal Revenue Service for federal income tax purposes. Such valuation may also differ from valuation for financial statement purposes as required by FASB.
3. Gifts of real property will be credited at their fair market value, as determined by a qualified independent appraiser retained by the donor.
4. Gifts of tangible personal property will be credited at their fair market value, substantiated by an appraisal supplied by the donor if the value is greater than \$5,000.
5. The following chart summarizes the valuation of the non-cash gifts:

<b>Forms of Gifts</b>	<b>Valuation</b>
Gifts of Real Property	Fair market value undiminished by selling costs.
Gifts of Tangible Personal Property	Fair market value undiminished by selling costs.
Gifts of Securities	Mean market value on day of transmittal.
Gifts of Life Insurance	Cash surrender value/value of premium payments as paid.

6. If there is no market for the asset (i.e., gift of property), the gift will be recorded with a value of one dollar (\$1.00).
7. Restricted Gifts are accepted if they are consistent with the mission, goals, and programs of the College. Restricted gifts are placed in restricted budget accounts and used only for the designated purposes of the gifts.
8. The Foundation reserves the right to decline any gift.

9. The Foundation reserves the right to dispose of gifts of property (including real property, securities, and other personal property) at any time unless otherwise agreed to with a donor. Generally, the Foundation will sell any asset as soon as practicable after receipt. No commitment will be made regarding the retention or investment of a gift asset unless specifically authorized by the Board of Directors of the Foundation. Where such a commitment is important to the donor, the gift will be referred to the Executive Director of Development who will then seek the appropriate level of Board review and approval before authorizing a commitment to retain or invest a gift asset.
10. Neither gains nor losses realized by the Foundation's sale of a non-cash gift will affect the value credited toward fund-raising goals. Realized gains or losses, and any fees incurred by the Foundation in the disposition of the asset, or the maintenance of the asset until sale (e.g., utilities, taxes, insurance, etc.) will be added to or deducted from the amount available for the purpose designated by the donor.
11. The responsibility for substantiating the value of any gift to the Internal Revenue Service belongs to the donor. No Foundation representative, or person retained by the Foundation, shall perform valuations or appraisals of a gift of property for a donor's tax purposes.
12. The Foundation does not provide tax, financial, or legal advice to donors. The Foundation strongly recommends that donors seek advice from professional financial advisors or attorneys.

B. Gifts of Real Property

1. Real Property is defined as land, and buildings erected on or affixed to land and rights (e.g., mineral, air, water) and easements connected with land. Ordinarily, real property will be sold by the Foundation after acceptance, except for property to be used directly for institutional purposes as determined by the Directors.
2. Donors may contribute real estate as a fee interest, as a life estate, or as a life income gift. Prior to acceptance, the donor must provide the Foundation with a qualified third-party appraisal of the property's fair market value. The Foundation will make no representation to the donor as to the value of the property for purposes of claiming a charitable deduction.
3. Real property must have a clear record and marketable title. Easements and/or restrictions must be disclosed. Prior to acceptance, the property should be thoroughly investigated, especially with regard to any environmental or marketability issues. The donor is responsible for obtaining a real estate property disclosure checklist containing the following:
  - General description of property
  - Title of ownership
  - Date of acquisition and cost basis
  - Value of land versus value of buildings
  - Complete mortgage information
  - Form of acquisition

- Property tax assessment
  - Zoning restrictions
  - Environmental history +/- environmental study
  - Deed containing deed restrictions
  - Tenant information
  - Appropriate documentation if property is part of a condominium or cooperative
4. The donor is responsible for all costs, expenses and taxes incurred by the donor in maintaining the property or securing proper and legal documentation, until legal transfer of the property is completed.
  5. Any consequences of defective title must be understood by the Foundation prior to acceptance. Title to property that is contaminated with hazardous waste will not be accepted by the Foundation.
  6. Consideration must be given to the costs of holding and maintaining any gift of real property prior to its sale. When appropriate, the donor will be approached to supplement the gift of real estate with cash or securities to cover operating costs and expenses.
  7. Holding real property especially that subject to a mortgage, may raise issues related to unrelated business income, taxable to the Foundation. Unrelated business income issues will be considered prior to acceptance of the gift. Real property subject to a mortgage will not be accepted in connection with the funding of a Charitable Remainder Trust.
  8. The Executive Director of the Foundation is responsible for performing due diligence procedures in order to recommend accepting gifts of real property or may delegate authority to a committee appointed by the Board of Directors of the Foundation. The President of the Foundation is responsible for accepting gifts of real property. The President of the Foundation may consult the Board of Directors before authorizing the receipt of a gift of real property. Title will not be transferred or acknowledged until after acceptance of the gift of real property in accordance with this policy. Final acceptance is subject to ratification by the Board of Trustees[MK1] [UJ2] of the College.

#### C. Gifts of Tangible Personal Property

1. Tangible Personal Property is defined as movable and physical objects such as works of art, books, musical instruments, antiques, furniture, merchandise, equipment, clothing, or animals.
2. Only those gifts of tangible personal property that are readily marketable (sold or traded on the open market) or useful in carrying out the mission of the Foundation will be accepted. The Foundation reserves the right to sell personal property at any time unless otherwise agreed to with the donor.
3. The Executive Director of Development is authorized to accept gifts of tangible personal property, except where such gifts pose unreasonable constraints or conditions upon the Foundation or would not be in accordance with the Foundation's capacity to provide the appropriate care for such property.

4. Whenever the acceptance of a gift of personal property will commit the Foundation to a financial or other obligation, the Executive Director of Development will seek the appropriate level of Board review and approval before authorizing acceptance of the gift. The Executive Director of Development and/or the Board should consider the following:
  - Can the Foundation use the assets in connection with its mission and programs?
  - Are the assets marketable?
  - Are there any unreasonable restrictions on the use, display, or sale of the assets?
  - Are there any carrying costs associated with the assets (e.g., insurance, lease, space, maintenance, appraisals, etc.)?
5. Items donated in connection with a special event, such as an auction, are exceptions to this policy and fall under the procedures adopted for such special event.
6. Gifts of tangible personal property with an apparent market value exceeding \$5,000 will ordinarily be credited at the value placed upon them by a qualified independent appraiser. It is the donor's responsibility to obtain and bear the cost of the qualified independent appraisal. The appraisal must be dated no more than sixty (60) days prior to the date of the gift. Gifts of tangible personal property with a value in excess of \$5,000 may only be accepted upon written notice to the donor of this gift-in-kind acceptance policy.

D. Gifts of Securities

1. Gifts of securities include marketable securities and options. It is the policy of the Foundation to immediately sell marketable securities upon their receipt as a gift. If a donor requests that the Foundation hold marketable securities, such retention shall require express approval by the Board of Directors and the terms of their retention and timing of the eventual sale of such securities shall be discussed in detail by the Board of Directors as to whether such terms and the delay in sale is in the interest of the Foundation.
2. The Executive Director of Development is responsible for accepting gifts of marketable securities in accordance with established Foundation policies. Any restrictions by the donor on the management or investment of a gifted security will be referred to the appropriate Board committee prior to acceptance of the gift.
3. Gifts of non-marketable securities require the approval of the Foundation Board of Directors. Consideration should be given to where there are any restrictions on sale and whether the sale will generate any adverse tax consequences to the Foundation (for example, in connection with the sale of stock of an S corporation).
4. All marketable securities will be valued at the mean of their high and low market values on the date of transfer. The date of transfer is the date that:
  - the mailed stock certificate and a properly endorsed stock power are postmarked. If the postmarks on the documents differ, the later date will determine the date of transfer; or
  - the physical certificate and the properly completed transfer documents (i.e., stock power) are received by the Foundation, or its broker; or

- the electronically transferred securities are deposited in the Foundation's brokerage account.
5. Securities not negotiable on the date of delivery will require a qualified appraisal furnished by the donor to determine the value of the stock.
  6. Gifts of otherwise publicly traded securities that are subject to tender offers or securities law restrictions may present peculiar tax or administrative issues for the donor and/or for the Foundation that may be referred to the Foundation's Finance and Investment Committee prior to acceptance of the gift.

E. Gifts of Life Insurance

1. The Foundation must be assigned as both an irrevocable beneficiary and owner of an insurance policy before a policy can be recorded as a gift.
2. The current cash surrender value of the policy will be credited toward fund-raising goals. If the donor pays further premiums on the policy, the Foundation will include the entire amount of the premium payment in its gift totals. If the Foundation pays the premiums, it will treat those payments as operating expenditures and not report increases in the cash surrender value as gifts.
3. If a donor pays future premiums on a policy with no cash surrender value, only the future premiums will be recorded as gift receipts.
4. Regardless of whether the donor or the Foundation pays the premiums on a policy the Foundation owns, the difference between the cash value and the insurance company's settlement at the donor's death should not be reported as a gift, but as a gain on the disposition of assets.
5. In cases where the Foundation receives the proceeds of an insurance policy in which it is named beneficiary but not the owner, the full amount received will be reported as an estate gift on the date the proceeds are delivered.

F. Gifts in Trust/Planned Giving

1. Planned Giving allows a donor to make a gift in which the commitment to the Foundation is made in the present, but the Foundation's receipt of funds from the gift may be delayed until a future time or the gift may offer benefits to both the Foundation and the donor or other named individual beneficiaries.
2. Planned gifts will be encouraged under the following minimums and valuations:

<b>Vehicles</b>	<b>Minimum Initial Investment</b>	<b>Gift Credit/Age Restrictions</b>
Bequest	n/a	Value of dollar amount specified (Donor must be at least 70)
Charitable Gift Annuity	\$100,000	Fair Market value of assets in trust (Donor must be at least 60)
Charitable Remainder Unitrust	\$500,000	Fair market value of assets in trust (Donor must be at least 60)
Charitable Remainder Annuity Trust	\$500,000	Fair market value of assets in trust (Term not to exceed 20 years of life of beneficiary)
Charitable Lead Trust	\$500,000	Value of total anticipated income

3. Donors under the age of 60 who establish life income gifts for their own benefit (and that of their spouse, if applicable) will receive gift credit based on the present value of the future projected value of the trust. For purposes of this calculation, an appropriate discount factor and the IRS mortality tables will be used to calculate life expectancy. The growth will be projected based upon the historical returns of the asset classes selected for investment.
4. Donors wishing to establish a life income gift for the benefit of a third-party beneficiary (other than a spouse) will receive full gift credit if the beneficiary is over 60 years of age. If the beneficiary is under 60 years of age, the donor will receive gift credit based on the present value of the future projected value of the gift. This calculation will be done in the same manner as with straight life-income gifts wherein the donor is under the age of 60.
5. Trusts subject to income agreements will be credited at a value calculated by the Development Office for financial statement purposes. The calculation used is a formula devised by the IRS to determine present value of a deferred gift.
6. The Foundation will encourage donors interested in a planned gift to seek the advice of their own counsel as how best to structure a gift from a tax and financial planning perspective. Where appropriate, the Foundation may refer a question or issue posed

by a proposed gift to its own fundraising or legal counsel to help best structure the gift for the benefit of the donor and the Foundation or for advice as to whether to pursue a planned gift opportunity. Decisions as to when to engage counsel in this role shall be made by the Executive Director of Development.

7. The Foundation will not serve as the trustee of an irrevocable trust. While the Foundation does not serve as a trustee, it has been named as a beneficiary of trusts created by donors with third parties. In appropriate cases, when requested, the Foundation will refer life income donors to outside professionals who may assist them in establishing trust documents and/or trustee relationships.