STATE COLLEGE OF FLORIDA
FOUNDATION

Policy and Procedures

Subject: Gift Acceptance Policy and Procedures

Page: 1 of 14 plus Appendix A

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I. PURPOSE

The Board of Directors of the State College of Florida Foundation, Inc. (the "Foundation"), with an understanding of its mission and responsibilities for accepting gifts for the benefit of the State College of Florida (the "College"), has established the following Gift Acceptance Policy (the "Policy").

The purpose of the Policy is to give guidance and counsel to those individuals within the Foundation and the College community concerned with soliciting gifts. All gifts are to be accepted or rejected in accordance with the policies set forth herein. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with the mission of the College and this Policy.

The scope of this Policy is limited to acceptance or rejection of proposed gifts; it is not intended to cover disposition of property owned by the Foundation.

II. POLICY AMENDMENT AND REVIEW

Responsibility for review of and recommended amendments to the Policy shall be that of the Finance Committee of the Foundation (the "Committee"). This Policy shall be reviewed by the Committee at a minimum of every three years. To amend the Policy, a written amendment shall be prepared by the Committee and submitted to the Board of Directors for review and approval.

III. POLICY STATEMENTS

A. Board Acceptance of Gifts and Grants: The Board of Directors shall exercise its public trust, as mandated by statute, in making final decisions for the acceptance of all gifts and grants and for any exception to its policies and guidelines. The Foundation shall accept only those gifts the transference and implementation of which shall be deemed consistent with the public laws and/or regulations of the United States of America and the State of Florida.

B. GIFT ACCEPTANCE CONDITIONS

B. 1. The Foundation shall accept only gifts that are consistent with the core educational values of the College and:

(1.) are compatible to and meet the mission of the College and the Foundation (i.e. gifts specifically for students currently enrolled at the College or transferring from the College to a university or for a specific College program or capital project);

(2.) are in compliance with the IRC and other federal and/or state statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions may be tax favored; and

(3.) are compatible with the Foundation's tax-exempt status.

B. 2. The Foundation will only accept gifts consistent with its mission and with the laws governing gift acceptance. **The Foundation reserves the right to refuse any gift that is not consistent with its mission unless a specific exception is granted by the Foundation's Board of Directors. By way of illustration, and not of limitation, the Foundation will not accept any gift that:**

(1.) violates any federal, state or local statute or ordinance;

(2.) creates a fund to provide for scholarships, fellowships, professorships, chairs or lecture series with restrictive clauses that could cause embarrassment to the College;

(3.) contains a condition that requires any action on the part of the College that is unacceptable to the College;

(4.) commits the College to name a fund where the gift is potentially revocable in any way;

(5.) requires the College to employ a specified person now or at a future date;

(6.) contains unreasonable conditions (i.e. a lien or other encumbrance) on gifts of partial interests in property;

(7.) requires tuition payments for a family member of the donor;

(8.) exposes the Foundation to litigation or other liabilities;

(9.) requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made; generates unrelated business income to the Foundation; or appears to be financially unsound.

(10.) does not meet the mission of the College.

C. Philanthropic Intent: The Board shall determine that gifts and grants to the Foundation are evidence of philanthropic intent and that the donor's philanthropy is in accord with the stated mission and goals of the Foundation.

D. Prior Approval: No representatives of the Foundation shall solicit funds in the name of or on behalf of the Foundation until and unless authorized to do so by the Board of Directors, the Executive Director, or their officially approved representative.

E. General Procedures: With increasing competition for gift dollars in higher education, it is essential that the Foundation make every contact with prospects and donors meaningful and appropriate. The Foundation must be sensitive to the interests and capabilities of its donors and donor prospects and must not burden them with excessive or inappropriate solicitations.

To help ensure effectiveness of Foundation fundraising efforts, the following guidelines will be observed:

(1.) The State College of Florida Foundation, Inc., under the direction of the Executive Director, and with the consent and guidance of the Board of Directors, is charged with the responsibility for soliciting all gifts on behalf of the Foundation.

(2.) Funds will be sought only for general support or for priority projects as directed by the College and/or as outlined in the Commitment to Excellence Funds *(Appendix A as amended annually).*

(3.) **All donor and prospective donor information is confidential and is solely for the use of the Foundation board and staff. Use of this information shall be restricted to fund raising purposes for the Foundation and no other purposes.**

F. Ethics: The Board shall assure itself that all philanthropic promotions and solicitations are ethical by adopting policies which prohibit Foundation personnel from benefiting personally by way of commissions or other devices related to gifts or grants received.

G. FEES

G. 1. Finder's Fees or Commissions: In general, the Foundation will pay no fees or commissions to any person in consideration of directing a gift to the Foundation.

G. 2. Professional Fees: All fees incurred by the donor in the completion of a gift to the Foundation will be paid by the donor unless payment by the Foundation is authorized by the Board. If authorized, the following guidelines shall be followed:

> (1.) The payment of professional fees should be limited to situations where the Foundation will reap significant benefit from the gift, and the donor believes it is proper for the Foundation to bear all or part of the attending fees for completion of the gift.
>
> (2.) Such fees will be paid only with the approval of the donor.
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> (3.) Fees should be reasonable and directly related to the completion of a gift.
>
> (4.) Fees shall be limited to:
>
> > (a.) appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest;
> > (b.) legal fees related to the transaction;
> > (c.) accounting fees related to the transaction; and
> > (d.) fees of "fee for service" financial planners.
> > (e.) In cases where the persons receiving fees were initially employed by the donor and the donor requests that the Foundation pay the fees involved, the Foundation will notify the donor that its payment of such fees may result in taxable income to the donor in the amount of the fees paid.

H. Appraisals: All appraisals of real and personal property contributed to the Foundation shall be done in accordance with IRS Publication 561, *"Determining the Value of Donated Property."* A real property valuation should be prepared by an MAI appraiser. Personal property should be appraised by a qualified appraiser acceptable to the Foundation. Expenses incurred to obtain an appraisal shall be the responsibility of the donor.

I. Legal Counsel: Legal counsel retained by the Foundation shall, as directed by the Finance Committee, review legal documents, contracts, and all donor agreements. The Foundation shall seek the advice of legal counsel in all matters pertaining to its planned giving program.

The Foundation shall encourage donors to seek independent tax and/or legal counsel in matters relating to their bequests, life income gifts, tax planning and estate planning. All legally binding documents shall be prepared and/or reviewed by counsel retained by the donor, to avoid any conflict of interest or undue influence. It is the donor's responsibility to directly employ and compensate independent legal and tax counsel in these transactions.

J. Gift Acknowledgement

The Foundation will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

K. State of Florida Matching: All eligible gifts accepted shall be submitted to the Dr. Philip Benjamin Matching Program for State & Community Colleges or any succeeding matching program or another applicable program provided the Board has approved their eligibility for said matching programs.

L. Stewardship: The Foundation will be responsible for good stewardship toward its donors.

(1.) All gifts will be acknowledged within a reasonable period of time.

(2.) All gift acknowledgment letters/receipts will be prepared by the Executive Director or his/her designee.

(3.) Gifts to the Foundation shall be reported in a manner consistent with the standards recommended by the Association of Fundraising Professionals (AFP), CASE Campaign Standards and/or NACUBO Endowment Reporting or the National Council on Planned Giving.

(4.) The Foundation will provide the donors of endowed scholarships with appropriate information about the recipients of scholarship assistance.

(5.) Gifts to the Foundation and accompanying correspondence will be considered confidential information, with the exception of the publication of donor honor rolls. All donor requests for confidentiality will be honored.

(6.) Names of donors will not be provided by the Foundation to other organizations.

(7.) All stewardship will adhere to the Foundation's fiscal year (October 1 to September 30) or as needed as a basis for reporting.

(8.) All donors are to be treated fairly and equally with personal credit only for personal gifts provided; business firms, foundations, and organizations must be credited specifically and separately for their gifts.

M. Conflict of Interest: The Foundation Board will assure itself that Foundation personnel are circumspect in all dealings with donors in order to avoid, even the appearance of any act of self-dealing. The Board will consider a transaction in which the employee has a "material financial interest" with a donor an act of self-dealing. In reviewing self-dealing transactions, the Board shall consider financial interest "material" to an employee if it is sufficient to create an appearance of a conflict. In each case this will be a question of fact.

The Board will examine all acts of self-dealing including, but not limited to, the following:

(1.) Prohibition against personal benefit: Those individuals who normally engage in the solicitation of gifts or grants on behalf of the Foundation shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of the Foundation. The definition of individuals includes each of the categories of employees of the College assigned to the Foundation.

(2.) Borrowing from a donor: Employees of the College are prohibited from borrowing funds or entering into any form of credit extension with an individual donor.

N. Conformity to Federal and State Laws: The Board will assure itself that fund raising activities comply with local, state and federal laws.

O. Gift Valuations: The Foundation shall follow accepted guidelines for the valuation of gifts to the Foundation. Cash and checks are self-explanatory. However, gifts such as stock, real estate, personal property and life insurance require specific methods of valuation for the protection of both the donor and the Foundation.

Gifts of art, furniture, books, stamps, coins, and other collections must have values assessed by properly accredited appraisers retained by potential donors for appropriate gift tax credit. The Foundation shall acknowledge receipt of such properties but must not verify values.

P. Required Reporting of Gifts to the Internal Revenue Service: Should the Foundation sell, exchange, or otherwise dispose of any gift (other than checks, cash or publicly traded stocks or bonds), within two (2) years after the date of the gift, the Foundation will furnish the Internal Revenue Service and the donor with a completed Treasury Form 8282.

Q. Gift Credit: Individuals, business firms, foundations and other organizations will be given credit for their specific philanthropy.

R. Matching Gifts:

(1.) Recognition and gift credit will be given to those business firms, organizations and foundations that make matching gifts.

(2.) Each individual donor is responsible for his/her matching gift and should initiate the necessary paperwork. The donor is responsible for delivering to the Foundation the properly signed forms to file for the matching gift.

(3.) Some companies may **not** match a particular gift depending upon the purpose of the gift, (i.e. to athletics or to an insurance premium payment) or if it does, it may require the match to go to an annual unrestricted fund.

(4.) Recognition and credit will be given for gifts and grants given to the Foundation from businesses, corporations, organizations and foundations.

(5.) Gifts-in-Kind credit and recognition will be given only in cases where the actual value of the gift (i.e. listed stocks and bonds) can be determined or a qualified appraisal is submitted by a qualified appraiser for real estate or personal property. In the absence of this appraisal, the donor's acknowledgment will carry a stated gift value of zero ($O).

(6.) To assure the Board and the donor that acknowledgment and gift credit is given for gifts and grants to the Foundation, all gifts and grants will be recorded by the Foundation staff.

S. TYPES OF GIFTS: DEFINITIONS

A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation where no goods or services are expected, implied or forthcoming for the donor. Gifts usually take the form of cash, securities, real property or personal property. The following criteria generally identify a gift:

(1.) A gift is motivated by charitable intent.

(2.) Gifts are irrevocable transfers of assets. The Foundation is not obliged to return unexpended funds. (If for some reason, the Foundation is unable to comply with the donor's intent, or if the gift has been misdirected to the Foundation, a return of gift may be issued at the Foundation's discretion, less any out of pocket expenses. The Executive Director is authorized to approve the return of a gift.)

(3.) Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain deferred gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.

(4.) A period of performance is not specified.

(5.) Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate, and may be desirable, especially in the case of memorial or scholarship gifts.

(6.) Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations are classified as gifts unless the grant requires performance or other consideration.

(7.) A gift is not completed until it has been accepted by the Foundation.

The Board of Directors recognizes these forms of gift commitments:

S. 1. Unrestricted/Undesignated: These gifts are for use where the board of directors deems best for the Foundation.

S. 2. Preferred Use (Designated): Donors may indicate a preferred use of gifts but do not and will not hold the Foundation responsible for absolute, legal, restricted use which is cited only as a preference.

S. 3. Restricted/Legally Binding: Such gifts should be few and far between inasmuch as they tie the hands of future boards of directors should the purpose of the restriction no longer apply. No restricted gift should be accepted by the Board without a "relief" statement such as the one which follows. This provision permits future boards of directors to use such gifts nearest to the intent of the donor.

> "Should the purpose(s) for which this gift is provided no longer exist, the then existing governing board is authorized to apply the gift and/or its income nearest to the donor's intended purpose."

S. 4. Gifts-in-Kind: Gifts of equipment, supplies, professional services, contract services, art, furnishings, books, etc. should be accepted only if such gifts add materially to accomplishing the purposes of the organization. The IRS holds the donor responsible for valuing the gift. The Foundation cannot be party to the valuation.

S. 5. Expectancies: Commitments provided by bequest, estate plan, or other planned or deferred gift vehicles should be counted as expectancies when they are to "mature" at some future time. In many cases donors and potential donors may change, increase, or decrease their commitment. Eventual income from such commitments must never be counted in current/annual fund income amounts but, rather, counted 'below the line' as with gift-in-kind, investment income, property sale, and other income reports at their maturity value. The maturity of expectancies must be counted in the full amount of the expectancy in terms of the financial impact for the Foundation and for donor philanthropic credit. Such expectancy value must be evaluated annually.

T. TYPES OF CHARITABLE GIFTS ACCEPTED BY THE FOUNDATION

Gifts are either outright or deferred. The most common gifts to the Foundation are outright gifts. In addition to cash gifts, the Foundation accepts gifts of securities, real property, and personal property. Deferred gifts, also called planned gifts, are arranged with the Foundation during the donor's lifetime, but the benefits do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming the Foundation as the beneficiary.

T. 1. Outright Gifts

(T1.1.) Cash, Checks and Credit Cards:

(a.) Cash, checks and credit cards shall be accepted regardless of amount.

(b.) Checks shall be made payable to the State College of Florida Foundation, Inc. Checks made payable to an employee, agent or volunteer for the credit of the Foundation will not be accepted as a gift to the Foundation.

(c.) The value of any cash gift is the face value of the check or cash.

(T1.2.) Publicly Traded Securities: Securities will be treated in accordance with the Investment Guidelines of the Asset Management Committee of the Board. No employee or volunteer working on behalf of the Foundation may commit to a donor that a particular security will be held by the Foundation, sold through a specific broker or traded on instruction of the donor without the approval of Executive Director.

(T1.3.) Closely Held Securities: Closely held or non-publicly traded securities may be accepted only by the Finance Committee upon the recommendation of the Asset Management Committee.

(T1.4.) Restricted Securities: Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. If there is a potential situation where restricted securities may be given as a gift to the Foundation, there is an IRS ruling which should be consulted when considering the value of such restricted securities.

(T1.5.) Mutual Fund Shares: Mutual Fund shares will be treated in accordance with the Investment Guidelines of the Asset Management Committee of the Board. No employee or volunteer working on behalf of the Foundation may commit to a donor that a particular mutual fund will be held by the Foundation, sold through a specific agent or traded on instruction of the donor without the approval of Executive Director or the Treasurer.

(T.1.6) Real Estate:

(a.) No gift of real estate (residential or commercial) shall be accepted without prior approval by the Finance Committee of the Board.

(b.) No gift of real estate shall be accepted without a current appraisal by a qualified appraiser as required by the Internal Revenue Service and acceptable to the Foundation.

(c.) The Foundation will not accept any real estate without:

1.) a title search and title policy;
2.) an on-site evaluation by the Finance Director or designee;
3.) an environmental impact study of the property to ascertain if it is subject to environmental restrictions, sanctions, toxic wastes or otherwise encumbered in such a manner as to cause present or future economic liabilities for the Foundation;
4.) a marketing review to determine the chances of a quick resale of the property;
5.) a financial review to determine the projected carrying cost associated with the property;
6.) the conveyance in a manner acceptable to the Finance Committee of the Board.

(d.) Under IRS regulations, the donor must pay for any initial appraisal made on the property unless waived by the Finance Committee of the Board. It is the responsibility of the donor to cover all the costs involved in an environmental impact study and title search.

(e.) In general, residential real estate with a value estimated by the donor or others to be $25,000 or more shall be accepted as a gift with the approval of the Finance Committee of the Board.

(f.) Commercial real estate with an estimated value of $25,000 or more shall be accepted as a gift with the approval of the Executive Committee of the Board.

(g.) Any exception to the gift policy for either residential or commercial real estate must be approved by the Finance Committee of the Board.

(h.) Special attention shall be given to the receipt of real estate encumbered by a mortgage. The ownership of such property may give rise to unrelated business income for the Foundation and disqualification of certain split interest gifts unless handled in a proper manner.

(T.1.7.) Tangible Personal Property:

(a.) Tangible personal property will only be accepted upon approval by the Executive Director or the Finance Committee of the Board.

(b.) In general, jewelry, artwork, collections and other personal property are acceptable gifts providing the Board is presented evidence that the property has value of $500 or more.

(c.) Book collections will be accepted upon additional approval of the Director of the Library. The books may or may not be held, at the discretion of the Director, in the College's collection.

(e.) No gift of personal property requiring ownership in perpetuity shall be accepted without express written approval of the Finance Committee of the Board.

(f.) No perishable property or property which will require special facilities or security to be properly safeguarded will be accepted without prior approval of the Finance Committee of the Board.

(g.) Property believed to have a value of $5,000 or more will not be accepted until an appraisal, qualified under the terms of the Internal Revenue Code governing gifts of this type, has been made, and the Executive Director has received and reviewed the appraisal.

(h.) Only the Executive Director may express to a donor that property will or will not be held by the Foundation for a requisite period of time for purposes related to the gifts' tax exempt status.

(i.)The Foundation will cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.

(T1.8) Other Personal Property:

(a.) Other property of any description, whether real or personal, and including but not limited to: mortgages, notes, copyrights, royalties and easements may be accepted only upon approval of the Finance Committee of the Board.

U. Deferred Gifts

Any planned gift agreement that requires execution by the Foundation shall first be reviewed and approved as to form and substance by the Foundation's legal counsel. It is recommended that prospective donors who are considering gifts to the Foundation that will take effect at the donor's death, consult with the Foundation's Executive Director regarding how to properly designate the gift and to discuss any trust or bequest restriction that is being considered.

U. 1. Bequests: Bequests represent an important potential source of gifts for the Foundation. Direct, unencumbered bequests provide the Foundation the full value of whatever was bequeathed to the Foundation, and provide the testator's estate with a charitable deduction for the same value. Nearly any gift that a living donor can make has its counterpart on the list of testamentary gifts.

(a.) The Foundation reserves the right not to accept gifts from the estate of deceased donors which are not in keeping with the terms of this document.

(b.) Gifts of property from the estate of deceased donors, which are not acceptable, shall be rejected only by agreement of the Finance Committee of the Board. The Executive Director of the Foundation shall expeditiously communicate the decision of the Foundation to the legal representatives of the estate.

U.2. Life Insurance: Life insurance may be given to the Foundation. The Foundation encourages donors to name the Foundation to receive all or a portion of the benefits of life insurance policies which they have purchased on their lives. New or existing policies may be given outright or the Foundation can be named the owner and beneficiary of an existing policy.

(a.) The Foundation will accept fully paid life insurance policies in which the donor has named the Foundation to receive all or a portion of the benefits of the insurance policy. The donor's tax consequences hinge on whether the policy's ownership has been endorsed over to the Foundation and whether the benefits have been irrevocably assigned to the Foundation.

(b.) The Foundation will not accept gifts of cash from donors for the purpose of purchasing life insurance on the donor's life.

(c.) No insurance products may be endorsed for use in funding gifts to the Foundation without the approval of the Finance Committee.

(d.) Lists of the Foundation's donors will not be furnished to anyone for the purpose of marketing life insurance benefiting donors and/or the Foundation as this practice constitutes a potential conflict of interest and may be construed as involvement in the marketing of life insurance.

V. Designating the Foundation as Beneficiary

The Foundation will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case, prior review and approval by the Foundation is required.

W. Endowments:

An endowment is perpetual. It is a special reserve of money and/or assets given with some form of stipulation or restriction on the use of the earnings generated by the endowed fund. The stipulations may be as general as for use in "unrestricted scholarships" to varying degrees of specific criteria to be closely observed in the use of the generated funds.

(a.) From the Foundation's point of view, the terms of the endowment should be written to allow the most flexibility. However, the donor must be comfortable and satisfied with the terms of the agreement. Both parties must understand exactly what is expected from the donor and the Foundation.

(b.) All new endowments will be invested in instruments conducive to appreciation of capital guided by the Foundation's investment policy guidelines. Endowment by nature begs for a long term approach so the endowed fund will not only fulfill its purpose of generating annual income to be used for its stated purpose, but will also go beyond that level so as to produce earnings that can be added back into the principal (the corpus) so that it grows in value to, if nothing else, offset inflation.

(c.) No endowment will be separately invested without the recommendation of the Asset Management Committee of the Board of Directors.

(d.) The Asset Management Committee of the Board of Directors will recommend the pay out rate of all endowed funds on an annual basis. This rate will be established each year to be effective as of July 1st for that fiscal year. If circumstances warrant more frequent review of the pay out rate, the Committee will meet as frequently as needed to decide if any changes should be made.

(e.) Any earnings produced by the investments in excess of the established rate shall be returned to the specific endowed fund to promote growth in principal and provide a hedge against inflation.

X. Policy Effective Date

All gift agreements shall be governed by the Gift Acceptance Policy in effect at the time the original gift was accepted.