

**Minnesota State University Moorhead
Alumni Foundation**

Gift Acceptance Policy

I. Purpose

The purpose of this gift acceptance policy is to give guidance and counsel to those individuals within Minnesota State University Moorhead Alumni Foundation (hereinafter referred to as the “Foundation”) concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of private sector gifts.

These policies must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with Foundation mission and policies. Flexibility must be maintained since some gift situations will be complex, and proper decisions can be made only after careful consideration of all related factors. These policies may, therefore, require that the merits of a particular gift be considered by the appropriate staff and/or committee of the board along with legal counsel and directors if necessary.

All fundraising activities and gift acceptance policies, and their day-to-day implementation, are designed and managed by the Executive Director of the Foundation in conjunction with the appropriate staff, and are subject to approval by the Minnesota State University Moorhead Alumni Foundation Board (hereinafter referred to as the “Board”).

The Board, through the Investment & Finance Committee and the Executive Director of the Alumni Foundation, is responsible for the gift acceptance policy. This responsibility cannot be delegated or waived. These policies and authorizations shall be reviewed by the Investment & Finance Committee on an annual basis or as circumstances warrant.

II. Gift Acceptance and Refusal

The Executive Director of the Foundation and the Board have the authority to solicit and/or accept gifts on behalf of the Foundation. Unrestricted, outright gifts of cash, check, credit card, and publicly traded securities do not require approval. Routine gifts are accepted and administered by the development office, with final authority to accept routine gifts lying with the Executive Director of the Foundation.

The Foundation reserves the right to decline any financial commitment, gift, or bequest, as well as the right to determine how a gift will be credited and recognized, respecting the donor’s intent.

The Board shall have the right to refuse contributions that do not enhance, promote, and further the purpose of the Foundation and the long-range financial viability of the organization.

The Foundation is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the organization to address its most pressing needs. Unless the board grants a specific exception, the Foundation will not accept any gifts that:

- Contain a condition that requires any action on the part of the organization that is unacceptable to administration
- Contain a condition that the proceeds will be spent by the organization for the personal benefit of a named individual or individuals
- Require the organization and its administration to employ a specified person now or at a future date
- Inhibit the organization from seeking gifts from other donors
- Expose the organization to adverse publicity, litigation, or other liabilities
- Require undue expenditures, or involve the organization in unexpected responsibilities because of their source, conditions, or purpose
- Involve unlawful discrimination based upon race, religion, gender, sexual orientation, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws
- Involve management of donor advised funds

III. Types of Gifts

The following gifts are acceptable:

- Cash;
- Tangible and intangible personal property;
- Securities;
- Real estate;
- Remainder interests in property;
- Bargain sales;
- Oil, gas and mineral interests;
- Life insurance ownership;
- Life insurance beneficiary designations
- Charitable gift annuities;
- Charitable remainder trusts;
- Charitable lead trusts;
- Retirement plan beneficiary designations;
- Bequests;
- Gifts of intellectual property rights
- Other gifts

The following criteria govern the acceptance of each gift form.

1) Cash.

Cash is acceptable in any form. Checks shall be made payable to MSUM Alumni Foundation and may be delivered to the Alumni Foundation in Owens Hall or mailed to 1104 7th Ave S, Moorhead, MN 56563.

2) Tangible and Intangible Personal Property.

All gifts of tangible and intangible personal property shall be examined in light of the following criteria:

- Does the property fulfill the mission of the Foundation?
- Is the property marketable?
- Are there any undue restrictions on the use, display or sale of the property?
- Are there any carrying costs for the property?

The ED of the Foundation may recommend the acceptance of tangible and intangible (such as frequent flyer miles) property gifts.

Donors of property gifts of over \$5,000, except for gifts of publicly traded stock, must obtain an appraisal by an independent third-party appraiser in accordance with current tax law requirements. The cost of this appraisal is to be paid by the donor.

3) Securities.

The Foundation can accept both publicly traded securities and closely held securities.

Publicly Traded Securities. Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. The gift will be acknowledged with a tax deductible receipt issued to the donor using the average of the high and low value of the securities on the day received. The investment manager overseeing the account will determine whether the security will continue to be held or liquidated in accordance with the Foundation's investment guidelines. All restricted gifts will be restricted based upon the tax deductible valuation and will be utilized for the stated restriction.

Closely Held Securities and Non-Publicly Traded Securities (35 or fewer holders). Closely held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited-liability companies, or other ownership forms, may be accepted subject to the recommendation and approval of the Foundation Board of Directors. Gifts must be reviewed prior to acceptance to determine that:

- there are no restrictions on the security that would prevent the Foundation from ultimately converting those assets cash;
- the security is marketable and

- the security will not generate any undesirable tax consequences for the Foundation.

Value and marketability of the securities will be determined by an independent qualified appraiser with the cost of this appraisal being paid by the donor. Every effort will be made to sell non-publicly traded securities as soon as possible.

4) Real Estate.

Gifts of real estate may include developed property, undeveloped property, farmland or gifts subject to a prior life interest. When necessary, the Foundation shall require an initial environmental review of the property, paid for by the donor, to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct a Phase One Environmental Audit. The cost of the environmental audit shall generally be an expense of the donor.

The donor shall also provide the following:

- a current and qualified appraisal
- title information including recent surveys, title insurance policy and/or attorney's title opinion.

Prior to acceptance of the real property, the gift shall be reviewed by the ED of the Foundation. If unusual or environmental concerns or risks are raised during review or when the gift will be more than \$1.5MM, or other times as necessary, the gift shall be reviewed by the Investment & Finance Committee and legal counsel. The Investment & Finance Committee may bring the matter before the entire Board for a vote.

5) Remainder Interests.

The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of subsection 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, property insurance, real estate taxes and any property indebtedness are to be paid by the donor or life tenant.

6) Bargain Sales

The Foundation may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of MSUM. All bargain sales must be reviewed and recommended by the ED of the Foundation to the Investment & Finance Committee and legal counsel. The Investment & Finance Committee may bring the matter before the entire Board for a vote. In determining the appropriateness of the transaction, the Foundation will consider whether:

- the value of the property has been substantiated by an independent appraisal;

- any debt ratio assumed with the property is less than 50% of the appraised market value;
- the Foundation will use the property, or there is a market for sale of the property allowing sale within 12 months of receipt;
- the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined.

7) Oil, Gas and Mineral Interests.

The Foundation may accept oil and gas property interests. Prior to acceptance of an oil and gas interest, the gift shall be reviewed by the ED of the Foundation. When necessary, the gift shall be reviewed by the Investment & Finance Committee and legal counsel. The Investment & Finance Committee may bring the matter before the entire Board for a vote.

The criteria for acceptance of the property shall include:

- the property should not have extended liabilities or other considerations that make receipt of the gift inappropriate;
- the property should undergo an environmental review at the donor's expense to ensure that the Foundation has no current or potential exposure to environmental liability;
- clear evidence of title or ownership can be shown

A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.

8) Life Insurance Ownership.

The Foundation must be named as irrevocable owner and beneficiary of an insurance policy before a life-insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt.

The donor must make annual contributions to the Foundation in the amount of the premiums. These contributions will be receipted as charitable contributions.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may surrender the policy for its current cash value.

9) Life Insurance Beneficiary Designations.

Donors and supporters of the Foundation will be encouraged to name the MSUM Alumni Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable.

10) Charitable Gift Annuities.

The Foundation may offer charitable gift annuities. The minimum gift for funding is \$10,000. The minimum age for life-income beneficiaries of a gift annuity shall be 55.

Where a deferred gift annuity is offered, the minimum age for life-income beneficiaries shall be 45. No more than two life-income beneficiaries will be permitted for any gift annuity.

The Foundation will follow rates recommended by the American Council on Gift Annuities at www.acga-web.org.

Annuity payments may be made on a quarterly, semi-annual or annual schedule.

The Foundation may accept securities or real estate in exchange for charitable gift annuities when:

- the criteria for securities (subsection 3 above) and/or real estate (subsection 4 above) have been met, and
- the value of the property is reasonably certain, and
- an adjustment is made either by lowering the ACGA recommended annuity rate or deferring the initial payment to mitigate the risk to the Foundation, and
- the ED of the Foundation has reviewed and approved the transaction. When necessary, the gift shall be reviewed by the Investment & Finance Committee and legal counsel. The Investment & Finance Committee may bring the matter before the entire Board for a vote.

A percentage of funds contributed in exchange for gift annuities shall be invested according to the Foundation's Investment Policy guidelines. This percentage shall be adjusted annually during the term of the annuity payments according to the liability incurred by the Foundation. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation's general endowment funds, or to such specific fund as designated by the donor, and as allowed by policy.

11) Charitable Remainder Trusts.

Upon notification, the Foundation may accept designation as remainder beneficiary of a charitable remainder trust. The Foundation will not accept appointment as trustee of a charitable remainder trust.

12) Charitable Lead Trusts.

Upon notification, the Foundation may accept designation as income beneficiary of a charitable lead trust. The Foundation will not accept appointment as trustee of a charitable lead trust.

13) Retirement Plan Beneficiary Designations.

Donors and supporters of the Foundation will be encouraged to name the MSUM Alumni 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.

The Foundation should attempt to obtain copies both of the beneficiary form and the spousal waiver form.

14) 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.

15) Intellectual Property Rights

Intellectual property rights, which include royalties, patents, copyrights, contact rights or other similar interests, will be examined for acceptance in light of the following criteria:

- Is the intellectual property right related to the mission of MSUM?
- 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?

16) Other gifts.

Gifts not specifically addressed by the categories in Section III may be recommended by the ED of the Foundation to the Investment & Finance Committee, and legal counsel when necessary. The Investment & Finance Committee may bring the matter before the entire Board for a vote.

IV. Restricted and Unrestricted Gifts

Unrestricted gifts shall be encouraged unless:

- the donor indicates that he or she is only willing to make a restricted gift, or
- the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor, or
- the gift is solicited to address a specific need of the Foundation or University.

In drafting instruments for the gift of restricted funds to the Foundation, or to any of its affiliated organizations, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of the board, the designated purpose is no longer feasible.

All receipts from unrestricted bequests, annuities, charitable remainder trusts, or charitable lead trusts shall become a part of the general endowment, unless the executive committee determines a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

V. Administrative Expenses

The Foundation will not pay commissions or finder's fees as consideration for directing a gift to the Foundation or to any of the Minnesota State University Moorhead Foundation's affiliates.

The Foundation retains the right to obtain its own qualified appraisals of real property or tangible or intangible personal property being offered as a gift at its own expense.

The Foundation will acknowledge receipt of gifts of tangible personal or real property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

VI. Stewardship

The Foundation will be responsible for good stewardship toward its donors by following these guidelines:

1. All gifts will be acknowledged within the required, or otherwise reasonable, period of time as stated in the Gift Acceptance Process.
2. All gift acknowledgment letters/receipts will be prepared by the Executive Director of the Foundation or his or her designee.
3. Gifts to the Foundation shall be reported in a manner consistent with the standards recommended by the Council for the Advancement and Support of Education (CASE) or the National Council on Planned Giving (NCPG).
4. Files, records, and mailing lists regarding all donors and donor prospects are maintained and controlled by the Foundation. Maximum use will be made of information and contacts that members of the board, various volunteer groups, or the staff have with potential donors. Written reports of interviews and solicitations will be maintained in the donor prospect file and/or computer.
5. This information is confidential and is strictly for the use of the Foundation Board and staff. Use of this information shall be restricted to organization purposes only. Donor has the right to review his or her donor fund file(s).
6. The Foundation will provide the contact of endowed and restricted scholarships with appropriate information about the recipients of said scholarship assistance.

7. Gifts to the Foundation and accompanying correspondence will be considered confidential information, with the exception of the publication of donor recognition societies and/or an annual listing of donors. All donor requests for confidentiality will be honored.
8. Names of donors will not be provided by the Foundation to other organizations, nor will any lists be sold or given to other organizations. The only exception to this is the donor listing in an annual report.

VII. Professional Advice

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of the Foundation shall provide legal or tax advice to any donor or prospective donor.

Upon request, representatives of the Foundation may provide to the donor sample bequest language for restricted and unrestricted gifts to ensure that a bequest is properly designated. The Foundation may also provide, upon request, IRS-approved prototype trust agreements for review and consideration by the donor and his or her advisors. The sample nature of such language or agreements shall be clearly stated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or specimen agreements.

VIII. Confidentiality

All information about donors and prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates will be kept confidential by the Foundation and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that the Foundation is required by law to disclose the identity of donors.

IX. Authority

The board chair or his or her designee is authorized to sign along with the President of the University planned gift agreements on behalf of the Foundation and to execute any and all documents necessary or appropriate to consummate such agreements.

Any exceptions to these gift acceptance policies may be made only in exceptional circumstances, on an individual basis, and shall require the approval of the chair of the Development Committee and the Executive Committee of the board.

These gift acceptance policies may be amended by the Executive Committee, upon recommendation from the Investment and Finance Committee of the Board of Directors.

X. Publicity of Gifts

With the donor's permission, publicity of gifts received will be undertaken and may include a news release to external news media outlets, including the donor's hometown newspaper and coverage in MSUM publications, including the Alumni Foundation's Annual Report. Publicity efforts or gift recognition will take place after a signed pledge form, memorandum or letter of intent is in place, or a tax deductible receipt has been issued.

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