

GIFT ACCEPTANCE POLICY

This is the *Gift Acceptance Policy* of Southern Connecticut State University Foundation, Inc. (“Foundation”). The Foundation, chartered in 1972 as a Connecticut non-stock corporation for charitable purposes, is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation operates exclusively to promote the educational, cultural, recreational, and research facilities and activities of Southern Connecticut State University (“University”). The Foundation supports the University's pursuit of excellence in teaching, research, and public service primarily through raising and managing funds, which benefit the campus and programs of the University.

I. Purpose of Policy

Inclusive in the Foundation’s mission is the responsibility to solicit donations of, and accept and receive, funds, property (real and personal), moneys or securities by virtue of gift, grant, bequest, devise or otherwise, which support the University. This *Gift Acceptance Policy* defines the type of gifts accepted by the Foundation and the process by which such gifts are accepted. This Policy is effective immediately and supercedes any previous policies or practices related to the acceptance of gifts. Exceptions to this *Gift Acceptance Policy* may be made by the Executive Director of the Foundation, provided that all such exceptions are reported to the Development Committee of the Foundation Board of Governors.

II. Policy

The Foundation reviews legal, ethical, and procedural matters when accepting private philanthropic gifts that support the University. The Foundation does not accept funds from contractual arrangements which are exchange transactions rather than philanthropic gifts. The Foundation also does not manage research funds (even if they are philanthropic in nature) if such funds are designated for research purposes which raise regulatory compliance issues for the University (e.g. human studies research, animal studies research, etc.). The Foundation does not promote gifts as financial investments or provide tax or legal advice to potential donors. Potential donors are encouraged to consult their own advisors prior to making a gift. All accepted gifts will be administered, held or liquidated in accordance with the investment and other policies of the Foundation. All gifts will be valued in accordance with IRS regulations for tax purposes, with guidelines provided by the Council for Advancement and Support of Education (CASE) for campaign counting.

III. Methods of Delivery

Gifts to the Foundation may be delivered to the Foundation by the following methods:

1. Personal delivery or mailing to the Foundation's address at 501 Crescent Street, Engleman, Building, Room A215, New Haven, CT 06515.
2. Personal delivery or mailing to any authorized representative of the Foundation at their business address.
3. Wire Transfer to an authorized Foundation bank or brokerage account. Information on how to make a wire transfer is available from the Foundation's Office of Advancement Services.
4. Master Card and Visa credit card payment.

IV. Gift Receipts

The Foundation will issue gift receipts which contain information verifiable by the Foundation and which comply with applicable federal laws and regulations.

V. Types of Assets Accepted as Gifts

The following requirements together with any applicable federal and state laws and regulations govern the Foundation's acceptance of each gift type listed.

1. Cash

The Foundation accepts U.S. dollars payable by cash, check, credit card or wire transfer. Checks should be made payable to "Southern Connecticut State University Foundation, Inc." Wire transfer instructions are available from the Foundation's Office of Advancement Services. The Foundation will not accept cash (actual currency) gifts in amounts in excess of \$10,000.

Gifts of foreign currency may be accepted with the approval of the Executive Director.

2. Securities

Publicly traded securities - The Foundation accepts gifts of publicly traded stocks and bonds by certificate or wire transfer. Gifts of securities are valued in compliance with IRS guidelines. In general, the average trading price for the day the gift is made, which is the average of the high and low price for the day, is multiplied by the number of shares or bonds donated to arrive at the gift value.

Restricted stock, warrants, debentures and the like are also acceptable with proper documentation delivered along with the physical certificate evidencing the business interest.

Closely held securities – The Foundation may accept gifts of interests in closely held companies with the approval of the Foundation’s Executive Director after appropriate review by the Chair of the Investment Committee of the Board of Governors. Typically, the business interest will be fully paid and non-assessable. The Executive Director’s decision will be informed by a report that considers without limitation, the following:

- a. Public relations and reputation risks.
 - i. Review company’s business purpose, activities, and reputation.
 - ii. Review backgrounds and reputations of company owners, executives, and major shareholders.
- b. Legal and financial risks.
 - i. Review pending or threatened litigation against the company, its relative companies and divisions, and its officers and directors.
 - ii. Review any potential environmental concerns.
 - iii. Confirm that the Foundation would not have a controlling interest or a management position in the company.
 - iv. Review annual financials.
 - v. Review any agreements to which the Foundation would become bound.
 - vi. Determine value of stock.
 - vii. Assess the business interest to determine the extent that it could subject the Foundation to liabilities, capital calls and other future contribution obligations.

3. Tangible personal property

Tangible personal property is personal property which includes, without limitation, furniture, books, automobiles, paintings, antiques, clothes, rare coins, stamps, boats, etc. It does not include real estate, stocks or bonds.

Tangible Personal Property Retained and Used by the University – The Foundation accepts gifts of tangible personal property which will be retained and used by the University. Such gifts must have prior approval for acceptance by the University’s Executive Director, subject to its policies and procedures. All gifts

following acceptance will be transferred by the Foundation to the University for inventory management purposes.

Tangible Personal Property Sold for the Benefit of the University – The Foundation may accept readily marketable gifts of tangible personal property that are to be sold. The proceeds, net of any expenses incurred in accepting, managing, and marketing the property, will be designated to support the University. The Foundation’s Executive Director will determine whether to accept the gift after consideration of issues including, without limitation, the following:

- a. Marketability. Confirm that there are no restrictions on the use, display, sale, etc. of the property.
- b. Financial risks. Conduct cost-benefit analysis by reviewing value, liquidity, and holding costs (insurance, maintenance, etc.).
- c. Public relations and reputation risks. Review and consider any reputation risks associated with owning the property.
- d. Legal risks. Review and consider any potential legal liabilities associated with the property.
- e. Responsibilities of the parties. Confirm that the donor is aware of the related use rules; of his/her responsibilities to submit IRS Form 8283 for signature by the Foundation; obtain an appraisal in some circumstances; and that the Foundation will report the value of a sale of the item if made within two years from the date of the gift.

Tangible Personal Property Retained for the Benefit of the Foundation - The Foundation may, in rare circumstances, accept a gift of tangible personal property made in direct support of the Foundation’s charitable mission. In this case, the Foundation may choose to use the gift directly rather than selling.

4. Real property

Real property includes, without limitation, personal residences, vacation or second homes, farms, vacant land, rental properties, commercial buildings, etc.

Real Property Retained and Used by the University – The Foundation accepts gifts of real estate which will be retained and used by the University. Such gifts must have prior approval or acceptance by the University’s Executive Vice President, Finance and Administration, subject to its policies and procedures.

Real Property Sold for the Benefit of the University - The Foundation accepts readily marketable gifts of real property subject to its *Real Estate Gifts Policy*. The *Real Estate Gifts Policy* addresses issues related to acceptance, management and disposition of gifts of real estate to the Foundation for the benefit the University. *See attached policy*. Real estate received by the Foundation is typically liquidated and the net proceeds are then administered per the donor’s

intent. The Foundation performs due diligence to systematically evaluate the potential risks and return expected from each proposed real estate gift. The net financial benefit of real estate gifts (i.e. the net proceeds from the sale of the property after acceptance, management, and marketing expenses) are expected to result in funding at the major gift level. Current guidelines call for the expected net proceeds to exceed \$25,000 for consideration of U.S properties.

Real Property Retained and Used by the Foundation - The Foundation may, in rare circumstances, accept a gift of real estate made in direct support of the Foundation's charitable mission. In this case, the Foundation may choose to use the gift directly rather than selling it as provided under the *Real Estate Gifts Policy*.

5. Intangible property

Intangible property is personal property whose value stems from intangible elements rather than physical properties including, without limitation, copyrights, patents, trade names, trademarks, and etc. The Foundation may accept gifts of intangible personal property which support the University, with the approval of the Foundation's Executive Director, and in consultation with the Chairman of the Finance Committee, after consideration of issues including, without limitation, the following:

- a. Financial risks. Conduct cost benefit analysis on property. Review value, liquidity, marketability, and holding costs of property.
- b. Public relations and reputation risks. Review and consider any reputation risks associated with owning the property.
- c. Legal risks. Review and consider any potential legal liabilities associated with owning the property.
- d. Responsibilities of the parties. Confirm that the donor is aware of the related use rules and his/her responsibilities to submit IRS Form 8283 for signature by the Foundation and obtain an appraisal.

6. State matching gift grants

State matching gift grants are endowed funds received from the State of Connecticut under the terms of the State Endowment Matching Grant Program. The program provides matching funds for certain eligible gifts to endowment for scholarship, faculty, or program support. The Foundation's policy is to designate state matching funds for the same purpose as the donor's gift.

7. Life insurance

Beneficiary designations – The Foundation accepts designation as the named primary or contingent beneficiary of a life insurance policy in any face value amount. Designation should name “Southern Connecticut State University

Foundation, Inc.” Beneficiary designations are not current gifts to the Foundation, but will be accepted as gifts at such time as the proceeds of the policy are distributed.

Transfer of Policy Ownership - The Foundation accepts gifts of life insurance policies (term and whole life policies). A life insurance policy may be gifted to the Foundation by designating Southern Connecticut State University Foundation, Inc. as the owner and beneficiary of the policy. The Foundation may retain or liquidate the policy according to its business judgment based on relevant financial considerations. Such considerations include whether or not the donor of a policy continues to make annual unrestricted gifts that may be used by the Foundation to pay such policy’s premium. In the event that the Foundation determines it is in its best interests to liquidate a policy the donor of said policy will be notified.

Gifts of Premium Payment Amounts - Insurance premiums that are paid directly to an insurer for a life insurance policy owned by the Foundation will be deemed gifts to the Foundation, provided such payments are reported no less than annually to the Foundation and are adequately substantiated by the donor.

VI. Types of Gift Arrangements

The Foundation generally will accept assets under the following gift arrangements:

1. Outright gifts

Subject to all other requirements set forth in this *Gift Acceptance Policy*, the Foundation will accept the assets listed in Section V as direct (outright) contributions in support of the University.

2. Charitable gift annuities

The Foundation will accept certain assets as partial gifts in exchange for a charitable gift annuity, with the approval of the Foundation’s Executive Director. The Foundation issues charitable gift annuities in accordance with all applicable state and federal laws and regulations, consistent with guidelines provided by the American Council on Gift Annuities, and subject to the following:

- a. **State Registration.** The Foundation will not issue charitable gift annuities in a state without first complying with all applicable state laws and regulations. The Foundation is currently registered to issue gift annuities in the following states: Connecticut, (pending) Florida, (pending) and New York, (pending). In considering whether to issue a charitable gift annuity in a state where the Foundation is not currently registered, the following issues, without limitation, will be considered:

- i. State registration requirements.
 - ii. Size of gift versus costs (including staff time) required for state registration and continuing filings.
 - iii. Anticipated future interest in charitable gift annuities in the state in question.
- b. Disclosures. All required federal and state disclosures will be made to prospective donors at the time of proposal and at the time the charitable gift annuity contract is issued.
- c. Acceptable Assets. The Foundation will accept cash (or equivalents) or marketable securities in exchange for charitable gift annuities. The Foundation will not accept real estate, tangible personal property or other illiquid assets in exchange for charitable gift annuities. Donors will be required to indicate who has legal title to the asset to be exchanged for the charitable gift annuity.
- d. Valuation. Marketable securities provided in exchange for a charitable gift annuity will be valued for purposes of the annuity contract on the date of receipt by the Foundation. Where multiple assets are provided in exchange for a charitable gift annuity, the assets will be valued for purposes of the annuity contract as of the date that all of the intended assets provided as consideration for the annuity are received by the Foundation. Credit card payments received in exchange for a charitable gift annuity will be valued net of any applicable credit card fees.
- e. Minimum Gift Amount and Designation of Proceeds. The minimum amount required to establish an initial charitable gift annuity with the Foundation is \$5,000. Charitable gift annuities established by existing charitable gift annuity donors may be accepted in amounts less than \$5,000 with approval of the Foundation's Executive Director. Specific uses of charitable gift annuity proceeds may be designated by the donor, subject to approval by the Foundation, provided, however, that in order to establish a new named fund the expected proceeds must equal or exceed the amount required to establish such named fund under the CSU System Board of Trustees *Policy on Naming*. Current guidelines call for the expected net proceeds to exceed \$25,000 (\$10,000 for funds in memory or in honor of faculty and staff).
- f. Minimum Age of Annuitants. The minimum age for immediate charitable gift annuity annuitants is 60. The minimum age for deferred charitable gift annuity annuitants is 45 provided, however, that the first annuity payment must be payable no earlier than on or before the date the annuitant reaches age 60. With approval of the

Foundation's Executive Director measures other than age for gift annuities can be authorized - such as flexible deferred starting dates and a commuted payment option to pay for a future event.

- g. Number of Annuitants. The maximum number of lives upon which a charitable gift annuity will be issued is two.
- h. Investment. Assets received in exchange for charitable gift annuities will be invested in accordance with state and federal laws as well as regulations and policies approved by the Investment Committee of the Foundation's Board of Governors.
- i. Payments. Charitable gift annuity payments may be made on a quarterly, semi-annual, or annual basis as requested by the donor and approved by the Foundation.

3. Charitable remainder trusts

The Foundation accepts designation as the named primary or contingent beneficiary of charitable remainder trusts. Designations should name "Southern Connecticut State University Foundation, Inc." Beneficiary designations are accepted as gifts at such time as the proceeds of the trust have an ascertainable value and are irrevocably designated – by the terms of the trust agreement, by the terms of an enforceable writing or by distribution – to the Foundation.

The Foundation may accept designation as the trustee of a charitable remainder trust with the approval of the Foundation's Executive Director and Chairman of the Foundation's Finance Committee after consideration of issues including, without limitation, the following:

- a. Irrevocable remainder beneficiary. The Foundation must be designated as the sole irrevocable charitable remainder beneficiary under the terms of the trust in order to accept trusteeship.
- b. Legal and financial review. Review of relevant documents and consideration of any potential legal liabilities associated with serving as trustee. Review and analysis of proposed funding asset and residuum value. Review of other administrative and investment requirements of trusteeship.
- c. Acceptable Assets. The Foundation will accept cash (or equivalents), marketable securities, or real, tangible or intangible property (subject to the other requirements of this *Gift Acceptance Policy*) as a funding source for a charitable remainder trust for which it is trustee.

- d. Minimum Gift Amount and Designation of Proceeds. The minimum amount required to establish a charitable remainder trust with the Foundation as trustee is \$100,000. Specific uses of charitable remainder trusts may be designated by the donor, subject to approval by the Foundation, provided, however, that in order to establish a new named fund the expected proceeds must equal or exceed the amount required to establish such named fund under the CSU System Board of Trustees *Policy on Naming*.
- e. Minimum Age of Income Beneficiaries and Payout Percentages. Typically, the minimum age for charitable remainder trust income beneficiaries is fifty-five (55), and a reasonable payout percentage is between five (5) and eight (8) percent. The Foundation understands that the flexibility inherent in the design of charitable remainder trusts permits them to meet many planning goals for charitable donors. Therefore, the Executive Director of the Foundation, in consultation with the Chairman of the Finance Committee, may approve other arrangements with the donor and their advisors on a case-by-case basis.
- f. Investment. Assets received in exchange for charitable remainder trusts will be invested in accordance with applicable laws and trust provisions and consistent with policies approved by the Investment Committee of the Foundation's Board of Governors.
- g. Payments. Charitable remainder trust payments will be made at least annually and in accordance with the trust provisions requested by the donor and approved by the Foundation.

Charitable remainder trusts in which the Foundation is irrevocable remainder beneficiary that are administered by third party trustees are required to provide the Foundation with statements of trust assets and a statement of investment philosophy, at least annually.

4. Charitable lead trusts

The Foundation accepts designation as a charitable beneficiary of a charitable lead trust. Designations should name "Southern Connecticut State University Foundation, Inc." Beneficiary designations are accepted as gifts at such time as the proceeds of the trust have an ascertainable value and are irrevocably designated (by the terms of the trust agreement or by distribution) to the Foundation.

6. Bequests

Subject to all other requirements set forth in this *Gift Acceptance Policy*, the Foundation accepts designation as a primary or contingent beneficiary of a donor's last will and testament or other estate planning vehicles. Designation should name "Southern Connecticut State University Foundation, Inc." Beneficiary designations are not current gifts to the Foundation, but will be accepted as gifts at such time as the proceeds of the estate are distributed.

Donors may designate a specific program to support with their gift. Generally, the Foundation does not require a separate gift agreement designating the use of estate proceeds, instead, it relies on the language in the donor's will. However, a separate gift agreement may be drafted at the donor's request to designate the use of the proceeds, provided that such agreement is also referenced in the donor's will.

7. Retirement plan beneficiary designations

Subject to all other requirements set forth in this *Gift Acceptance Policy*, the Foundation accepts designation as a primary or contingent beneficiary of a donor's retirement plan. Designation should name "Southern Connecticut State University Foundation, Inc." Beneficiary designations are not current gifts to the Foundation, but will be accepted as gifts at such time as the proceeds of the retirement plan are distributed.

8. Donor advised fund gifts

Subject to all other requirements set forth in this *Gift Acceptance Policy*, the Foundation accepts gifts from donor advised funds. *Contact Foundation Business Office* for additional requirements. The Foundation does not accept gifts to create donor advised funds.

9. Corporate matching gifts

Subject to all other requirements set forth in this *Gift Acceptance Policy*, the Foundation accepts corporate matching gift funds. *Contact Foundation Business Office* for additional information.