

INDIAN HILLS COMMUNITY COLLEGE FOUNDATION, INC.

Gift Acceptance Policy

The Indian Hills Community College Foundation, Inc., (the Foundation) exists to secure private gifts for the benefit of Indian Hills Community College (the College). The Foundation relies on charitable contributions to fulfill its mission of providing scholarships to students of the College. The Foundation is organized as a corporation, exempt from federal tax liability by Internal Revenue Code Section 501(c)(3) and qualifies as a Public Charity under Internal Revenue Code Section 509.

This document outlines objective policies for analyzing and accepting charitable gifts to the Foundation for the College's benefit. While these policies are detailed and often specific to the type of gift contemplated, they shall be interpreted in light of three overriding principles:

Principle One - A gift shall not be accepted by the Foundation if such acceptance would not be in the interest of the donor. A determination of the donor's "interest" shall include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The Foundation shall not encourage any gifts that are inappropriate in light of the donor's personal or financial situation.

Principle Two - A gift shall not be accepted by the Foundation unless there is a reasonable expectation that acceptance of the gift will benefit the College.

Principle Three - Gifts that potentially expose the Foundation or College to adverse publicity or involve out of the ordinary requests shall be referred to the Gift Acceptance Committee for resolution. The Foundation cannot accept gifts for the College that involve unlawful discrimination on any basis prohibited by federal, state, and local laws and regulations. In addition, the Foundation cannot accept gifts which obligate it or the College to violate any other applicable law or regulation or that violate the Foundation's articles of incorporation or by-laws.

The Foundation does not provide legal, accounting, tax or other advice to donors. Donors are responsible for ensuring that the proposed gift furthers their charitable, financial and estate planning goals and are urged to seek the advice of independent legal counsel in the gift planning process.

The objectives of these policies are to:

- Direct development staff efforts towards those gift opportunities that will be most beneficial to the College;
- Secure valuable gifts that benefit both the College and its donors;
- Ensure that the College's interests are being protected; and
- Ensure that donors are treated in a professional, ethical, and fair manner.

Acceptance and Acknowledgment of Gifts

The Foundation serves as the central receiving, acknowledging, recording and reporting unit for all gifts to the Foundation. Donors should make checks payable to the Indian Hills Community College Foundation. The Executive Director of the Foundation ensures that all designated cash gifts are credited to the proper account and disbursed for the purposes designated by the donor. Complete records on all gifts are maintained by the Foundation. If a donor wishes to remain anonymous throughout the giving process, the donor should discuss appropriate arrangements with the Foundation.

Definition of a Gift

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.

Types of Gifts

Gifts to the Foundation may be in the form of outright gifts, pledges or deferred commitments. The following assets may be accepted as funding for an outright or planned gift, subject to the terms and conditions outlined below.

- **Cash** - Checks and cash will be receipted to the proper fund and deposited in a timely fashion. Receipts will be mailed to the donor within one week of receiving the gift. Matching gifts from employers are credited to the donor for recognition but receipts are sent to the company.
- **Tangible Personal Property** - Gifts of personal property (i.e. antiques, works of art, collections, etc.) are accepted by the Foundation with approval of the Gift Acceptance Committee. The donor is responsible for securing appraisals on such property according to Internal Revenue Service guidelines.
- **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. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Foundation's Gift Acceptance Committee.
 - Closely held (non-public) securities: 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, can be accepted.

However, gifts must be reviewed prior to acceptance to determine:

- No restrictions exist on the security that would prevent the Foundation from ultimately converting those assets to cash;
- Security is marketable; and
- Security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. Every effort will be made to sell non-marketable securities as quickly as possible.

- **Real Estate** - The Foundation welcomes gifts of real estate. It is the donor's responsibility for obtaining appraisals, EPA studies, etc., for gifts of property except in such cases where the Foundation will assume that responsibility. Gifts of real estate must be reviewed by the Gift Acceptance Committee.

Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property 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 an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
 - Is the property marketable?
 - Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - Does the environmental audit reflect that the property is not damaged?
- **Gifts-in-Kind** - The donor is responsible for securing appraisal of the value of non-cash contributions. The Foundation will cooperate fully with the donor in the gift substantiation process required by the taxing agency.
 - **Gifts of Equipment** - Gifts of equipment are allowed by the Foundation. However, when such equipment requires additional and/or ongoing maintenance that is not budgeted, prior approval must be received from the President of the College.

Responsibility for IRS filings upon sale of gift items - The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two 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.

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements are the responsibility of the Foundation office.

Pledges - Pledges are commitments to give a specific dollar amount according to a fixed time schedule. Annual fund pledges are usually for amounts less than \$10,000 and for periods less than one year. All pledges other than Annual Fund pledges are required to be in writing.

The following minimum information must exist to substantiate a pledge:

- The amount of the pledge must be clearly specified;
- A clearly defined payment schedule should be prepared;
- The donor may not prescribe contingencies or conditions;
- The donor must be considered to be financially capable of making the gift; and
- Changes to original pledges must be documented in writing.

Pledge recording:

- Anticipated matching gifts will not be included in pledge amounts.
- Pledges and expected matching gifts will qualify for donor recognition in appropriate giving level groups.
- Under- and over-paid pledges (as a result of either rounding, gift valuation, or incremental giving) will be noted as paid in full when donor's intents are clearly to pay commitments in full.
- Written signed pledges are booked in the year they are received.
- Before defaulted pledges are written off, pledge deactivation requests must be reviewed and approved by the President of the College, the Foundation Board Executive Committee, and the Executive Director of the Foundation.

Deferred or planned gifts - Irrevocable planned gifts will be reported at full fair market value. The Foundation will accept gifts/assets from Charitable Gift Annuities, Charitable Remainder Trusts, Charitable Lead Trusts and Pooled Income Funds, but at this time, the Foundation does not administer/manage these types of funds and will not act in the capacity of trustee for charitable trusts in which the Foundation is named as remainder beneficiary.

Acceptable deferred gifts include:

- **Bequests** - A bequest to the Foundation is made in the donor's will or revocable trust. The donor can designate a specific amount, a percentage, or the remainder of an estate to the Foundation.
- **Retirement Plan Beneficiary Designations** - When donors name the Indian Hills Community College Foundation as beneficiary of their retirement plans, such designations will not be recorded as gifts to the Foundation until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value for that gift may be recorded at the time the gift becomes irrevocable.
- **Life Insurance Beneficiary Designations** - When donors name the 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. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift.
- **Life Insurance Policies** - 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. The gift is valued at its cash surrender value upon receipt. 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.

Gift Acceptance Committee

The Gift Acceptance Committee facilitates the gift acceptance process. The Gift Acceptance Committee shall consist of the President of the Indian Hills Foundation Board of Directors, the President and the Chief Financial Officer of Indian Hills Community College, and the Executive Director of the Indian Hills Foundation.

The Gift Acceptance Committee shall review all gifts of significant risk. All such gifts shall be documented by a written understanding between the donor and the Foundation, and must be approved by the Gift Acceptance Committee before the Foundation may accept the gift.

Gifts of significant risk include:

- Non-publicly traded securities
- All gifts of real property
- Gifts of personal property if not used by the College
- All gifts of real or tangible personal property subject to donor restrictions regarding disposal of such property
- Any sale of property where a donor is associated with the acquisition of property by the College or Foundation below its fair market value
- Cash gifts with significant donor restrictions
- All gifts of unusual items or gifts of questionable value

Review

This policy shall be reviewed annually and whenever it becomes inconsistent with Treasury regulations or other applicable state or federal laws.