

# GIFT ACCEPTANCE POLICIES

Approved by Seattle University - February 1992; amended June 1992, February 1993, July 2004, January 2009.

# **Mission**

Seattle University is dedicated to educating the whole person, to professional formation, and to empowering leaders for a just and humane world.

# **Purpose**

The purpose of this gift acceptance policy is to govern the acceptance of gifts and to provide guidance to donors and their professional advisors in completing gifts. Gift acceptance policies help guide the efforts of Seattle University in securing appropriate gifts which further its educational mission. They also provide for valuable safeguards which protect the interests of the University and those who support its programs.

The following policies and guidelines focus on both current and deferred gifts, with special emphasis on various types of deferred gifts and gifts of non-cash property. These policies will in some instances require that the merits of a particular gift be considered by the Vice President for Finance and Business Affairs who has the authority to make a final decision.

#### **ACCEPTANCE POLICIES BY TYPE OF GIFT**

#### **OUTRIGHT GIFTS**

#### A. Cash

- 1. Gifts in the form of cash and checks shall be accepted regardless of amount and will be credited at full face value. All checks should be made payable to Seattle University. To ensure compliance with the donor's wishes, outright gifts should be accompanied by a written statement of purpose.
- 2. Restricted gifts of cash are subject to the terms of paragraph 10, under the section of **General Gift Acceptance Guidelines**.

#### B. <u>Pledges</u>

- 1. Pledges should be recorded in accordance with relevant FASB rules and regulations and in keeping with the policies and procedures outlined in the Council for the Advancement and Support of Education (CASE) *Management and Reporting Standards*.
- 2. Pledge commitments must be written and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. The written pledge must contain the gift designation, purpose and any restrictions.

# C. Publicly Traded Securities

- 1. Securities which are traded on the New York, American, or Over.-the-Counter Stock Exchanges, as well as publicly-traded mutual funds, municipal and corporate bonds, treasury bills and notes, warrants, stock options and stock appreciation rights may be accepted by Seattle University. Title to securities deemed to be readily transferable present no particular difficulty to Seattle University. However, in cases where limitations may exist on the transfer of warrants, stock options and stock appreciation rights, the Office of Finance may review such gifts in advance to determine if such gifts are acceptable.
- 2. It may be anticipated that all securities accepted by the University will be immediately sold by the University. In no event shall an employee or volunteer working on behalf of Seattle University commit to a donor that a particular security will be held by the University unless authorized to do so by an officer of the University.
- 3. It is the University's preference that any gift of publicly traded securities be transferred from the donor's brokerage account to the designated primary University brokerage account. The University will also accept properly endorsed stock certificates.

#### D. <u>Closely-Held Stock</u>

1. Non-publicly traded securities may only be accepted after approval from the Office of Finance.

2. Non-publicly traded securities accepted by Seattle University should be accompanied by a qualified appraisal completed under the terms of the Internal Revenue Code governing such appraisals. Appraisals completed more than 60 days prior to the date of gift will not be considered qualified for charitable deduction purposes, and as such, will not serve as a valid indicator of the gift's value for internal recording purposes. The donor is expected to bear the cost of obtaining a qualified appraisal of closely-held stock shares.

# E. Real Property

- 1. No gift of real estate, including but not limited to personal residence, rental properties, commercial office buildings, warehouses, land, leasehold interests, and recreational property, shall be accepted without prior approval of the Office of Finance and SU legal counsel.
- 2. No gift of real estate shall be accepted without the University, through a staff member or authorized representative, first conducting a site visit for the purpose of determining its suitability for the University's investment portfolio, and its marketability.
- 3. No gift of real estate shall be accepted without first being appraised under the terms of the Internal Revenue Code governing such appraisals. The costs of such appraisal shall be borne by the donor.
- 4. The University shall be particularly cautious in accepting commercial or other property which appears from a site visit to present special environmental hazards. As a matter of policy, the University shall give serious consideration to authorizing, at University expense, an environmental audit as part of documentation needed to conduct a thorough gift analysis.
- 5. Special attention shall be given to the receipt of real estate encumbered by a mortgage. All real estate with debt are required to have approval of the Office of Finance and SU legal counsel.
- 6. Real estate shall not be accepted to fund a charitable gift annuity will follow the Planned Giving Guidelines.

#### F. Personal Property

- 1. No personal property shall be accepted by Seattle University that obligates ownership be retained in perpetuity. No perishable property or property which will require special facilities, insurance, or security arrangements will be accepted without prior approval of the Office of Finance. The University shall retain full discretion as to the ultimate disposal of gifts of tangible personal property.
- 2. There are two types of personal property: tangible and intangible (intellectual property) assets.

Tangible assets can include: personal collections of art, books, coins or movies; boats, cars or aircraft; animals (such a livestock for a veterinary program); securities; equipment; software; printed materials; food or other items use for hosting dinners; gas or oil wells.

Intellectual property is an intangible asset that has been produced through creativity and innovation. The can include: patents; copyrights of cultural, artistic, and literary works; computer software under development.

- Gifts of \$5,000 or less may be counted in any of the following ways:
  - o Value placed on the gift by a qualified independent appraiser.
  - Value declared by the donor with a paid bill of sale or invoice and copy of the check or statement showing payment
  - Value determined by a qualified expert on the faculty or staff of the institution
  - Value established by a purchaser's winning auction bid at a charity auction run by Seattle U.
- Gifts of real or personal property with values of more than \$5,000 should be counted at values placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions.
- Gifts, regardless of value:
  - Software to IT for use by SU. Requires acceptance by the CTO of the Office of Information Technology or his/her designee.
  - o Books or other library material, for the Lemieux Library. Requires acceptance by the Librarian or his/her designee.
- 3. Prior to formal acceptance, the University shall endeavor to determine the legal status of the proposed property through an examination of appropriate legal records, obtaining of title evidence, and other documents.
- 4. No tangible personal property shall be accepted by Seattle University that obligates it to retain ownership of it in perpetuity. No perishable property or property which will require for safeguarding purposes special facilities, insurance or security arrangements will be accepted. The University shall retain full discretion, through its Office of Finance as to the ultimate disposition of gifts of tangible personal property.

#### G. Other Property

1. Other property of any description, including but not limited to mortgages, notes, contracts, copyrights, royalties, and easements, and whether real or personal, shall only be accepted by approval of the Vice President of Finance and SU legal counsel.

# **DEFERRED GIFTS**

#### A. Bequests

- 1. Gifts under wills (bequests) shall be actively encouraged by Seattle University.
- 2. In the event of an inquiry by a prospective donor/legator, representations as to the future acceptability of property proposed to be left to Seattle University in a will shall only be made in accordance with the terms and provisions of the section entitled Outright Gifts (paragraphs A-F) contained within these policies and guidelines.

- 3. The University retains the right to reject bequests if SU legal counsel determines the gift is not in the best interest of the University.
- 4. Attempts shall be made to discover bequest expectancies wherever possible in order to provide better service to the donor.
- 5. The Senior Director of Planned Giving and other authorized staff shall closely monitor the estate settlement/probate process to ensure accurate and timely distributions of charitable bequests to the University.
- 6. If a donor requests that the University at as or appoint an executor/personal representative for their estate, SU legal counsel shall review the request and recommend how to proceed.

#### **B.** Living Revocable Trusts

1. The Senior Director of Planned Giving and other authorized staff shall closely monitor the trust termination process to ensure accurate and timely distributions to the University. They shall also be responsible for assessing the suitability of the assets to be distributed to the University as measured against the University's investment portfolio and policies enacted by its Finance/Investment Committee, and for bringing before the Vice President of Finance any asset requiring further review prior to acceptance, e.g. real property, closely-held stock shares.

# C. Charitable Remainder Trusts

- 1. All charitable remainder trusts for which SU serves as trustee, are established and managed through the Office of Finance at Seattle University. Seattle University may choose to act as a trustee of a charitable remainder trust funded at a level of \$100,000 or more which designates the University as the sole irrevocable beneficiary. It may also choose to serve as trustee for a charitable remainder trust funded at a level of \$200,000 or more which designates no more than two irrevocable beneficiaries, one of which is the University. The decision to serve or not to serve as trustee will be made by the Vice President of Finance.
- 2. For those charitable remainder trusts for which Seattle University is trustee, the payout provision which delineates the income interest of the donor(s) shall reflect the investment climate and prevailing market conditions at the time of the trust's establishment and will be approved by the Vice President of Finance.
- 3. Seattle University will charge to all charitable remainder trusts of which it is trustee all fees and costs incurred by the trust by corporate firms to which the University may delegate investment and administration.
- 4. The Senior Director of Planned Giving and other employees and volunteers acting on behalf of Seattle University should be familiar with the types of property generally regarded as suitable for funding charitable remainder trusts. No University representative shall encourage donors to make gifts of any property to charitable remainder trusts without review by the Planned Giving Office.

5. The Office of Finance shall exercise oversight authority over charitable remainder trusts for which Seattle University serves as trustee to the extent of ensuring University compliance with applicable state and federal laws, maintaining appropriate forms, filing federal and state reports as needed, distributing income payouts to non-charitable beneficiaries, and reporting major issues and concerns.

#### D. <u>Charitable Gift Annuities</u>

- 1. Seattle University shall not issue an immediate charitable gift which names an income beneficiary under the age of 55, or a deferred charitable gift annuity which names an income beneficiary under the age of 45 without prior approval of the Office of Finance.
- 2. The allowed number of income beneficiaries for each charitable gift annuity will be determined by the Office of Finance and in keeping with state laws.
- 3. (Amended January 2007 and approved by the Office of Finance) The minimum contribution for a charitable gift annuity shall be \$25,000. Exceptions may be made per approval of the Office of Finance.
- 4. Gift annuities funded with securities shall be valued as of the date the security arrives in an account of the university and the university is able to exercise control over the property (for example, able to sell the security).

(Amended January 2007 and approved by the Office of Finance) The Office of Finance shall exercise oversight authority for the charitable gift annuity program to the extent of ensuring University compliance and applicable state and federal laws, maintaining appropriate forms, filing federal and state reports as needed, distributing income payouts to annuity beneficiaries, and reporting major issues and concerns to the Gift Acceptance Committee requiring committee consideration and action.

#### E. Remainder Interest in Real Property

- 1. Life estate agreements shall be encouraged whereby deed transfer takes place during a donor's or donors' lifetime(s) for a personal residence or farm while the donor(s) retain(s) the usage of the property for life.
- 2. A life estate agreement between the Seattle University and a donor(s) shall not be consummated without prior approval of the Office of Finance.
- 3. No gift of real estate shall be accepted without the University, through a staff member or authorized representative, first conducting a site visit for the purpose of determining its suitability for the University's investment portfolio, and its marketability.

The University shall be particularly cautious in accepting remainder interests in residential or farm property which appear from a site visit to present special environmental hazards. As a matter of policy, the Vice President of Finance shall give serious consideration to authorizing, at University expense, an environmental audit as part of the documentation needed to conduct a thorough gift analysis.

- 4. No gift of a remainder interest in real property shall be accepted without the property first being appraised by a party chosen by Seattle University who shall have no business or other relationship to the donor. Such an appraisal shall be viewed as a "qualified appraisal" under the terms of the Internal Revenue Code governing such appraisals (see Appendix A). In general, the costs of such appraisal shall be borne by the donor.
- 5. In general, the University will give favorable consideration to accepting remainder interests in unencumbered residential and farm real estate which it believes to be highly marketable.
- 6. Receipt of remainder interests in real property encumbered by a mortgage must be approved by the Vice President of Finance
- 7. Any employee or other individual authorized to act on behalf of Seattle University during negotiations with the donor(s) shall inform such donor(s) in advance that he/she/they will be responsible for all costs associated with maintenance, taxes, and insurance during the period of life tenancy.
- 8. Through mutual written agreement, the Seattle University and life tenant(s) may jointly agree to sell a residential or farm property, and to divide the sales proceeds proportionately according to the parties' respective interests in the property.
- 9. The Office of Finance shall exercise oversight authority with respect to creating and administering life estate gifts, and shall be responsible for ensuring compliance with applicable federal and state laws governing gifts of remainder interests in real property.

#### F. Charitable Lead Trusts

- 1. Seattle University may choose to act as a trustee of a charitable lead trust funded at a level of \$250,000 or more which designates the University as the sole irrevocable income beneficiary. The decision to serve or not to serve as trustee will be made by the Vice President of Finance acting upon the recommendation of the Senior Director of Planned Giving.
- 2. Seattle University will charge to all charitable lead trusts of which it is trustee all fees and costs incurred by the trust and charged by corporate firms to which the University may delegate investment and administration. For those trusts for which the University continues to exercise administrative and investment oversight, the University shall not charge a trustee fee.

#### G. Life Insurance

- 1. Seattle University shall accept gifts of life insurance in which the donor has named the University as a beneficiary of all or a portion of the benefits of the life insurance policy. Donors may also give outright ownership of policies naming Seattle University as the sole beneficiary of such policies.
- 2. Seattle University shall not accept donated policies which require co-payments of ongoing premiums, have substantial indebtedness or have assignments of interests or beneficiaries other than the University.

- 3. Seattle University may agree to accept gifts from donors to pay premiums for life insurance policies on the donor's life which are owned by the university.
- 4. In cases of a donated policy which is not paid-up, and on which the donor has failed to make ongoing premium payments, the Office of Finance shall review the situation with the goal, of determining whether the University wishes to continue to make premium payments from its own funds to preserve the policy's future death benefit and substantial cash value.
- 5. No insurance products may be endorsed for use in funding gifts to Seattle University without prior approval of the Office of Finance.
- 6. In no event shall lists of Seattle University donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or Seattle University. This policy is based on the fact that this practice represents a potential conflict of interest, may cause donor relations problems, and may subject Seattle University to state insurance regulation should the activity be construed as involvement in the marketing of life insurance.

## H. **Pooled Income Funds**

1. As of the date of adoption of these Gift Acceptance Policies, Seattle University does not offer a pooled income fund option to donors. However, the University retains the right to establish such a fund at some future time as circumstances warrant.

#### PAYMENT OF FEES RELATED TO GIFTS TO SEATTLE UNIVERSITY

#### A. Finder's Fees or Commissions

- 1. Seattle University will not pay any fee to any person as consideration for directing a gift to Seattle University. It is understood that such fees may or may not be legal and that in the case of irrevocable deferred gifts which involve management of assets, the payment of such fee may subject Seattle University, it management, and Board of Trustees to federal and state security regulation.
- 2. In no event whatsoever will a commission or finder's fee of any type be paid to any party in connection with the completion of a gift to Seattle University for the right to receive such gift.

#### **B.** Professional Fees

- 1. Seattle University will pay reasonable fees for professional services rendered in connection with the completion of a gift to the University. Such fees may include but not be limited to charges for legal counsel, accounting services, appraisals, actuarial computations, title recordings, and environmental audits. Unusual charges shall not be incurred nor paid without the prior approval of the Office of Finance.
- 2. In the case of legal, accounting and other professional fees, an attempt shall be made to ascertain the reasonableness of these fees prior to payment. An hourly breakdown of time should be requested. In cases where the fees appear to be excessive, the summary of fees shall be submitted to the Office of Finance for further review and approval prior to payment.
- 3. All legitimate fees related to the completion of a gift shall be fully disclosed to the donor(s) during the course of gift discussions with a representative of the University.
- 4. In cases where the persons receiving fees were initially employed by the donor and Seattle University is asked to pay the fees involved, the donor shall be notified that the payment of such fees may result in taxable income to the donor in the amount of the fees paid.
- 5. In situations where advisors retained by Seattle University prepare documents or render advice in any form to Seattle University and/or a donor to Seattle University, it shall be disclosed to the donor that the professional involved is in the employ of Seattle University and is not acting on behalf of the donor; and that any documents or other advice rendered in the course of the relationship between Seattle University and the donor should be reviewed by independent counsel for the donor prior to completion of the gift.

# **GENERAL GIFT ACCEPTANCE GUIDELINES**

#### 1. Adherence to Laws

Authorized staff and other representatives of Seattle University will not accept any gift which violates Internal Revenue Code requirements or any other federal or state laws.

#### 2. Tax Exempt Status

Authorized staff and other representatives of Seattle University will not accept any gift which would improperly inure to the benefit of any individual or in a manner that would jeopardize the tax exempt status of either Seattle University as determined upon advice of counsel.

## 3. **<u>Authorized Solicitors</u>**

Only the authorized staff and representatives of Seattle University shall solicit and donor with respect to both outright and deferred gifts.

#### 4. Ethical Considerations

Authorized staff and representatives of Seattle University shall perform in an ethical manner during the course of their dealings with donors. Extreme caution should be exercised to avoid pressure or undue persuasion during gift discussions. The role of the staff member or representative is to inform, advise and assist the donor in effectuating his/her charitable giving plans. All authorized staff and representations shall adhere to applicable codes of ethics such as those promulgated by the Association of Fundraising Professionals and the National Committee on Planned Giving.

#### 5. Confidentiality

All information concerning prospective and current donors, including names and addresses, financial information, estate planning information, and other data of a private nature will be kept strictly confidential by Seattle University unless the donors grant permission to use selective information for purposes of referral, testimonial or example as the discretion of authorized representatives.

#### 6. **Professional Advice**

Prospective donors shall be advised to consult their attorney, accountant or other professional advisors in all matters related to deferred gift instruments or other planned gifts involving tax and legal considerations prior to the completion of final agreements. If a Seattle University staff member or representative makes a referral to any advisor, it shall be understood that the advisor is retained at the donor's cost to represent his or her interests.

Although Seattle University should not be in the position of giving tax advice, donors must be informed of certain consequences related to their gifts. These include but are not limited to sharing information with donors about federal appraisal requirements (and related forms), alternative minimum tax considerations where applicable, and other tax concerns most typically associated with deferred gift arrangements.

#### 7. **Drafting of Documents**

While Seattle University will not finalize a donor's will or charitable remainder trust, it will through its legal counsel or Senior Director of Planned Giving or other authorized staff member provide suggested language for inclusion in a charitable bequest will provision, and draft charitable remainder and lead trust documents. Every attempt should be made to send such draft language and documents directly to the donor's attorney for review. In the case of charitable gift

annuities, Seattle University utilizes preprinted forms approved by the Washington State Insurance Commission. These forms shall be provided to the donor with the request that the donor seek independent legal review prior to the gift's completion.

#### 8. Conflict of Interest

The interest of the donor shall come before the interest of any staff member or authorized representative of Seattle University. No program, agreement, trust, contract or commitment shall be urged upon any donor or prospective donor which would benefit Seattle University at the expense of the donor's interest and welfare. In the case where an inevitable conflict of interest arises, e.g. deceased donor names both a staff member and the University as beneficiaries of his estate, the University shall take appropriate action to discuss this conflict with the affected staff member or authorized representative for the purpose of deciding upon a course of action which will eliminate any impropriety or the appearance of impropriety.

#### 9. **Promotional Policies**

Seattle University shall promote the University in a tasteful and dignified manner consistent with the University's stature and reputation. All printed materials pertaining to charitable contributions shall be reviewed in advance by the appropriate staff member to ensure consistency with other University publications with respect to content and appearance.

#### 10. Restricted Gifts

Seattle University shall accept those outright gifts of a restricted nature which meet its own internal guidelines and priorities and which comply with all federal and state laws. The University reserves the right, with the donor's approval, to change the designated purpose or purposes of a restricted gift if the purpose or purposes should become frustrated to the extent that it is impractical or illegal to comply with the restrictions.

In the case of deferred gifts, the University shall also accept all such gifts of a restricted nature which further its general purposes and which comply with all federal and state laws. The University retains the right to renounce any interest in a donor's estate if it appears that the restrictions of a gift will be impossible to meet, or if the nature of the donated asset, e.g. contaminated real property, poses serious financial and administrative implications for the University. Under current policy, all deferred gifts are added to the University's endowment, unless otherwise directed by the donor. If the donor restricts his/her gift to current operations, the donor's restriction shall take precedence subject to the university's right to refuse such gift or to negotiate an endowment use with the appropriate personal representative and/or trustee.

#### 11. Modification/Amendment of These Policies

The University reserves the right to modify or amend these policies at any time.

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