



## **Eastern Washington University Foundation**

### **Gift Acceptance Policies and Guidelines**

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# Gift Acceptance Policies and Guidelines

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## **1.0 General Guidelines**

All gifts to Eastern Washington University should be directed to the Eastern Washington University Foundation (EWUF). Gifts are sought and accepted only for programs and purposes that have been approved by the Eastern Washington University Board of Trustees and which support the overall mission of the university. The availability or potential of a private gift or grant support does not determine the strategic initiatives of Eastern Washington University.

All outright gifts of cash, testamentary transfer by will or revocable trust, beneficiary designation under a life insurance contract or qualified retirement plan, shall not require prior approval of the Gift Acceptance Committee. Gifts of marketable securities which include registered stocks and bonds which are publicly traded on the open market, and not subject to restrictions on transfer, shall not require prior approval of the Gift Acceptance Committee unless otherwise noted within this policy. All other gifts of securities shall require prior approval of the Gift Acceptance Committee.

All gifts in trust, gift annuity agreements, retained life assets and bargain sales, and gifts of assets which are not readily marketable (i.e. real estate, tangible personal property, stock of closely held company, interests in partnerships or limited liability companies) shall be reviewed and approved by the Gift Acceptance Committee, prior to acceptance by Eastern Washington University Foundation.

The Eastern Washington University Foundation shall provide the donor with a gift receipt and other necessary documentation pertaining to the gift. If applicable, the Foundation will be responsible for the completion of IRS Form 8283 and for the completion and submittal of Form 8282 of the areas relevant to the EWU Foundation when the property has been sold.

In accordance with the standards of care and prudence within the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Eastern Washington University Foundation shall explain to the donor the terms and expectations of the gift, including how it will be invested and administered, if applicable. The donor should be informed of both the potential for growth and the risks of the investment strategy to be employed.

## **2.0 Gift Types and Guidelines**

An outright gift is a contribution of cash or property to Eastern Washington University in which the donor retains no interest. All unrestricted outright gifts will be deposited to the Eastern Fund. Donors may also designate or restrict the uses and purposes of their gift to areas or units of Eastern Washington University that they most wish to support.

Wherever possible a Memorandum of Understanding (MOU) documenting the intent of the gift and the donor's past giving history will be established and signed by both the donor and the Executive Director of the Eastern Washington University Foundation, or designee.

## 2.1 Cash, Checks and Credit Cards

Gifts of cash, personal or bank checks and credit cards are considered irrevocable and are counted in full upon receipt. As stated above, unrestricted gifts are deposited to the Eastern Fund and all other restricted gifts are deposited into the appropriate fund.

## 2.2 Pledges

The Eastern Washington University Foundation will accept both legally enforceable conditional and unconditional pledges, which could be either oral (under \$10,000 only) or written (all). An unconditional pledge is one that places no additional requirements on the university in order to receive the gift. A conditional pledge is one that requires the university to perform some task or take some action that it might not otherwise initiate. Example: "I will pledge \$1 million to the university if you release your head football coach." A conditional pledge may also depend on some future event over which neither the university nor donor may have control. Example: "I will pledge \$1 million to the university if I (donor) accept 10 new clients this year." Neither of these examples would be counted in the annual fundraising totals, but would certainly be documented and monitored within the donor database.

The Eastern Washington University Foundation accepts oral pledges through the annual student tele fund. A confirmation notice is mailed to the donor immediately following the solicitation. These oral pledges are recognized as gifts when the pledge payment is received.

A written pledge is required for all pledges in excess of \$10,000. An example pledge form is attached in *Appendix A*. It is important that all written pledges contain three key pieces of information: 1) a pledge of specific assets or dollar amount, 2) purpose of the gift, and 3) the timeframe under which the pledge will be fulfilled. In lieu of this form, Eastern Washington University Foundation will accept a pledge that is emailed or written by the donor as a letter with an original signature.

A documented, unconditional pledge in excess of \$10,000 will be counted in the annual fundraising totals when received as long as the pledge period does not exceed five years. Pledges in excess of five years are counted in annual fundraising totals as early pledge payments are received. Pledges, in excess of five years no more than ten, that are leadership gifts will be taken to the Gift Acceptance Committee for approval. If approved are booked for the entire 10-year term.

Example of a non-leadership 10-year pledge: A 10-year pledge of \$5,000 per year is counted as a \$25,000 gift in the first year received. After the first pledge payment is received an additional gift of \$5,000 will be counted in each year until year 5 when the entire pledge will have been counted. In this manner the annual gift total from this donor would be as follows assuming all pledge payments are received as scheduled.

Year 1	\$25,000 = gift amount, \$5,000 = payment on pledge
Year 2	\$5,000 = payment on pledge
Year 3	\$5,000 = payment on pledge

Year 4	\$5,000 = payment on pledge
Year 5	\$5,000 = payment on pledge
Year 6	\$25,000 = gift amount, \$5,000 = payment on pledge
Year 7	\$5,000 = payment on pledge
Year 8	\$5,000 = payment on pledge
Year 9	\$5,000 = payment on pledge
Year 10	\$5,000 = payment on pledge

All documented, unconditional pledges in excess of \$100,000 shall be reviewed by the Gift Acceptance Committee. Further, a gift agreement form (*Appendix X*) is required for all pledges used to initiate a construction project or fund university positions (i.e. chair or professor positions).

### **2.3 Gifts-in-Kind**

Gifts-in-kind are generally defined as non-cash donations, other than real and personal property, of materials or long-lived assets. Gifts of materials or long-lived assets that are directly related to the mission of the university are counted at face or fair market value as reported by the donor. Gifts-in-kind might include equipment, software, software licenses, printed materials, food or other items used for hosting dinners, etc. Gifts-in-kind usually (but not always) come from companies, corporations, or vendors, in contrast to individuals, who typically give personal property. Examples of commonly donated gifts-in-kind to the Eastern Washington University Foundation have included: pianos, books to the library, equipment for laboratories and furniture for administrative offices.

Gifts-in-kind such as equipment and software are counted at the educational discounted amount or related license fees (i.e. the amount the university would have paid to purchase the product outright from a vendor). For a more detailed analysis of gifts of software please refer to “*CASE Management and Reporting Standards.*”

The value of a person’s or organization’s time or service is not considered a charitable gift and is not counted in any of the Foundation’s annual fundraising totals, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service (i.e. accounting, legal work, consulting or printing).

### **2.4 Marketable Securities (including Mutual Fund shares)**

A gift of marketable securities is counted at the average high and low quoted selling prices on the date the donor relinquished control of the assets in favor of the University and the Foundation gained control of the assets. Gifts of marketable securities in excess of \$250,000 should be reviewed by the Gift Acceptance Committee. It is the general policy of the Eastern Washington University Foundation to immediately sell gifts of securities unless the Gift Acceptance Committee elects otherwise, based on reasonable grounds and in accordance with the Eastern Washington University Foundation Investment Policy.

## **2.5 Wholly Charitable Trusts Administered by Others**

A wholly owned charitable trust is one that is held for the benefit of the University, in which the principal is invested and the income is distributed to the University by a third party money manager or financial institution. All interests and principal must be irrevocably dedicated to the university in order to count the gift in the annual fundraising totals. The fair market value of the assets or a portion of the assets if a split-interest trust, administered by the third party is counted in the year that the trust is established, or gifted to the University. Subsequent changes in the fair value of the gifted assets and the annual distribution of income from the trust is not counted as a gift for fundraising purposes.

The Eastern Washington University Foundation shall have primary responsibility for oversight of any outside service providers engaged to manage and administer the Foundation's planned gift assets.

## **2.6 Life Insurance**

The gift of a whole life insurance policy is a relatively inexpensive way for a donor to leave a significant gift to the University. A life insurance policy can be counted as a gift to the University if Eastern Washington University or Eastern Washington University Foundation has been named both the owner and irrevocable beneficiary of the policy.

Gifts of life insurance policies must be approved in advance of receipt by the Gift Acceptance Committee. If the policy is not paid-up and future premium payments remain to be paid, the donor must agree in writing to gift sufficient funds annually, on a timely basis, to the Foundation in order for it to pay the premiums. The donor will be advised that in the event the gifts are not made to cover the premium payments, the Foundation will have the right to surrender the policy for its cash value.

The Foundation reserves the right to surrender the policy for its cash value, elect a paid-up policy at a reduced death benefit, or take other actions available to the owner of the policy at any time.

Partially or fully paid-up life insurance policies are counted as outright gifts to the university at the cash surrender value provided by the insurance carrier at the time of the gift. If the policy is not fully paid up at the time of the gift, then any premium payments the donor makes to the insurer or the University (which in turn is used by the Foundation to pay the premium) is counted as an outright gift at the full value of the premium paid.

## **2.7 Bargain Sales**

If a company offers to sell a product to the University at a 'deep discount' or 'bargain sale,' the company should provide a bill of sale clearly indicating the retail (or educational/nonprofit discount) price, less the charitable contribution of the discounted amount, and a net cost. The discounted amount can be recorded as a gift-in-kind. If, however, the same discount applies to purchases made by the university on a regular

basis and are not uniquely identified as a special reduction to be considered as a donation, no gift should be counted.

A bargain sale can also be the sale of property to the Foundation for an amount less than the property's current fair market value. The spread between the fair market value of the property over the sales price represents the gift element. The bargain sale price may be paid in a lump sum or installments. Bargain property sales shall be negotiated with the donor and are subject to approval of the Gift Acceptance Committee.

## **2.8 Closely-held Stock**

Gifts of closely-held stock will be accepted on a case by case basis after review and recommendation by the Gift Acceptance Committee and approval of the full Foundation Board of Directors. In general, gifts of closely-held stock will only be accepted if a market exists for the disposition of such stock, if there are no adverse tax consequences for the Eastern Washington University Foundation and only after review and recommendation by the Gift Acceptance Committee and with full approval of the Foundation board of directors.

## **2.9 Partnership Interests**

Partnership interest (either publicly traded or non-publicly traded) may be accepted only after review and recommendation by the Gift Acceptance Committee and approval of the full Foundation Board of Directors. Special care should be given to ensure that interests in non-publicly traded partnerships are in fact limited and not general partnership interests and that no current or future obligation exists under which additional funds may be required to be provided to the partnership. If a general partnership interest is to be considered for acceptance, arrangements should be made to secure adequate indemnification and hold harmless protections from the donor or some third party with the capacity to fulfill such obligations.

## **2.10 Real and Personal Property**

Real property (also called real estate) is defined as land, its natural resources, and any permanent buildings on it. Personal property is defined as anything other than real property that is subject to personal ownership. Real or personal property becomes a gift to the University when a transfer of ownership has taken place. This occurs when the item(s) of property or clear title to the property has been delivered to the University or the Foundation.

There are two types of personal property: tangible and intangible (intellectual property) assets. Examples of tangible assets can include, but are not limited to: personal collection of art, books, coins or movies, cars, boats, aircraft, animals/livestock, securities, equipment, software, printed materials, food or other hosting items, gas or oil wells. Examples of intangible or intellectual property include: patents, copyrights or cultural, artistic or literary works, or computer software. Gifts of personal property are counted when transfer of ownership has taken place and fair valuation of the gift can be reasonably established.

All gifts of real property must be accompanied by a qualified, independent appraisal, paid by the donor, and approved by the Gift Acceptance Committee. The Eastern Washington University Foundation may agree to incur the cost of independent appraisal, title transfer costs on gifts and environmental impact studies.

Most gifts of tangible and intangible property must be accompanied by a qualified, independent appraisal, paid by the donor, and approved by the Gift Acceptance Committee. Restrictions imposed by the donor regarding sale, maintenance, administration or display of the gift may impact the Gift Acceptance Committee's decision regarding acceptance of the gift. It is the general policy of the Foundation to immediately sell or liquidate gifts of tangible personal property unless the Gift Acceptance Committee elects otherwise, based on reasonable grounds.

### **2.11 Corporate Sponsorships**

Corporations and other organizations often give money to universities to sponsor activities, events or other projects and in return receive recognition on campus, at the event or in accompanying publications. Most corporate sponsorships are fully countable in the Foundation's annual fundraising totals. The determining factor is whether the recognition the corporation receives constitutes advertising.

The Eastern Washington University Foundation will count corporate sponsorships in the annual fundraising totals when such support does not constitute advertising. However, many sponsorship dollars are given directly to Eastern Washington University and notice is not always received by the Eastern Washington University Foundation regarding such contributions. For a more detailed analysis of corporate sponsorships please refer to "*CASE Management and Reporting Standards.*"

### **2.12 Cryptocurrency**

A gift of cryptocurrency is counted at the liquidated value. Gifts of cryptocurrency will be accepted on a case by case basis only after review and recommendation by the Gift Acceptance Committee and approval of the full Foundation Board of Directors. In general, gifts of cryptocurrency will only be accepted if a market exists for the disposition of such cryptocurrency and if there are no adverse tax consequences for the Eastern Washington University Foundation. It is the policy of the Eastern Washington University Foundation to immediately sell gifts of cryptocurrency. All gifts of cryptocurrency will be accepted and liquidated by an independent third party facilitator recognized as an expert in the field of cryptocurrency.

### **3.0 Planned/Deferred Giving Vehicles**

All deferred giving vehicles to the Eastern Washington University Foundation must be approved by the Gift Acceptance Committee. Authority to negotiate and enter into planned gift documents on behalf of the Foundation is addressed by the corporate resolution (*Appendix C*) of the Foundation as may exist from time to time, and such negotiations and documents shall be in accordance with the policies and guidelines addressed herein.



Although representatives of Eastern Washington University and the Eastern Washington University Foundation will provide all appropriate assistance, the ultimate responsibility regarding asset valuations, tax deductibility or similar federal, state and local legal compliance issues rests with the donor. Eastern Washington University and Foundation staff shall recommend to its donors to seek the counsel of their legal, financial and tax advisor concerning all aspects of their proposed gifts. (Sample language to include in all planned/deferred gift documentation – “This document provides general information and examples for discussion purposes only. Neither the author nor the Eastern Washington University Foundation is engaged in rendering legal or tax advisory service. Please consult with your attorney or other financial adviser to evaluate the applicability to your unique tax and financial circumstances.”) The donor shall particularly be advised to consult their advisors on all matters related to the legal and tax effects of a gift and matters related to their estate planning. The Foundation may provide to its donors sample planned gift documents, i.e. charitable remainder trusts, charitable lead trusts, and charitable gift annuity agreements and gift deeds. In some instances the Eastern Washington University Foundation may agree to incur the cost of independent appraisal and title transfer costs on certain gifts.

### **3.1 Testamentary Bequests**

A bequest is a gift made, at the time of a donor’s death, to Eastern Washington University or Eastern Washington University Foundation under a Will or Living Trust. Eastern Washington University and Eastern Washington University Foundation will not review or comment on Wills or Living Trusts except to ensure that the University or Foundation is properly named in the instrument. The Eastern Washington University Foundation will designate an appropriate person to represent Eastern Washington University in all dealings pertaining to the bequest during probate of the Will or administration of the Living Trust.

A testamentary bequest is not counted as a gift to the University or Foundation in its annual fundraising totals until the donor passes. The only exception to this is during a campaign when the fair market value of a bequest, for individual donors over a certain age, is included in the campaign fundraising totals.

### **3.2 Charitable Gift Annuities**

A charitable gift annuity (CGA) is a contract whereby the donor (or other person named by the donor) is paid an annual annuity in return for an outright irrevocable gift of cash, marketable securities or other acceptable property, for charitable purposes.

Eastern Washington University Foundation does solicit and offer CGA’s to the residents of the state of Washington, through Eastern Washington University as it is authorized by the state law to offer CGA’s for the benefit of the University. The Foundation may also offer CGA’s to the residents of the state of Washington, through National Gift Annuity Foundation as it is authorized by the state law to offer CGA’s for the benefit of the

Foundation. All CGA's being offered through the National Gift Annuity Foundation will be approved by the Gift Acceptance Committee.

The University or National Gift Annuity Foundation may administer these gifts until such time the Eastern Washington University Foundation has an adequate asset base to cover the liability minimums.

### **3.3 Charitable Remainder Trusts**

A charitable remainder trust (CRT) is a separately-administered trust established by the donor. It provides for payments to the donor, or other named beneficiary, either for the life of the beneficiary or a term of years (not exceeding 20 years). At the end of the term the remaining assets ('remainder') are distributed to the Eastern Washington University Foundation to be used in accordance with the memorandum of understanding or donor's designation in the CRT. The donor's interest is secured by the assets of the CRT and does not extend to the assets of the Eastern Washington University Foundation or University.

The minimum amount to fund a CRT is \$100,000 and the payout rate is 5%, unless otherwise approved by the Investment Committee. Consideration will be given to the approval of a higher rate if the term is less than 20 years or the donor's life expectancy is less than 20 years. In all cases, the terms of the CRT will conform to the IRS requirements.

### **3.4 Charitable Lead Trusts**

A charitable lead trust is a trust in which the income, or 'lead interest,' is paid to the Eastern Washington University Foundation, and the 'remainder' interest is given to one or more non-charitable beneficiaries (i.e. the donor or family members). The amount paid to the Foundation may either be a fixed sum (an 'annuity trust' interest) or a percentage of trust assets as valued each year (a 'unitrust' interest). Gift tax and generation skipping tax (GST) may apply if the non-charitable beneficiary is someone other than the donor. The minimum amount to fund a Charitable Lead Trust is \$100,000.

### **3.5 Pooled Income Funds**

A pooled income fund is a trust in which contributions are commingled for investment purposes. When a donor makes a gift to a pooled income fund, units are assigned to the donor. The net income from the fund is paid to each beneficiary of the fund on the basis of the number of units he or she possesses. When a beneficiary of the fund dies, the value of the person's units is separated from the fund and distributed to the Eastern Washington University Foundation. Presently, the Eastern Washington University Foundation does not offer a pooled income fund.

### **3.6 Retained Life Estates**

An individual may transfer to the Eastern Washington University Foundation title to a personal residence, vacation home, or farm subject to a reserved life estate in favor of the donor, giving the donor full use of, and rights in all income from, the property for the

donor's lifetime. At death of the donor the reserved life estate expires and the entire fee interest in the property vests in the name of the Foundation.

All retained life estates must be approved by the Eastern Washington University Foundation Investment Committee and the Gift Acceptance Committee, with consideration given to the nature and location of property, environmental issues, tax assessments, insurance coverage, age of the donor, fiscal position of the Eastern Washington University Foundation, and all applicable local, state and federal laws.

### **3.7 Retirement Plan Assets**

Retirement plan assets may be withdrawn by a donor during lifetime and used to fund any type of planned gift to the university. In most instances, retirement plan assets distributed before the donor is 59 ½ will give rise to a penalty tax on the amount withdrawn, and the amount withdrawn will be includable in the donor's taxable income unless specifically exempted by the Internal Revenue Code. The donor should be advised to secure expert advice regarding any plans to give retirement plan assets to the University.

The Eastern Washington University Foundation can be named as a beneficiary of retirement plan assets, including partial or contingent beneficiary designations.

### **3.8 Fiduciary Role under Will and Trusts**

Aside from a qualified split – interest trust (i.e., charitable remainder trust or charitable lead trust), in most cases EWU Foundation will not serve as personal representative under a Will or as a trustee of revocable or irrevocable trust. The EWU Foundation may serve in these fiduciary roles, however, where the University is the sole remainder or residuary beneficiary of the subject Will or trust, and only after receiving the approval of the governing board of the EWU Foundation. Factors to consider include, but are not limited to, the size and percentage of the assets designated to EWU Foundation or the University, the complexity of the asset mix, the anticipated duration of trust administration, the number and nature of the donor's heirs, and the holding of out-of-state assets. In a case where approval by the governing board of the EWU Foundation is given, the instrument naming the EWU Foundation should also provide that in the event the EWU Foundation is unwilling or unable to so serve at any time, EWU Foundation is given the authority to designate an alternate or successor personal representative or trustee, whatever the case may be.

### **4.0 Gifts that will not be accepted**

The Eastern Washington University Foundation will not accept gifts that:

- Limit, beyond a general description of the subject area, the work of a student, faculty member or administrator;
- Restrict the ability to seek and accept gifts and grants from other sources;
- Have objectives that are outside of the mission of the University; or
- Necessitate infractions of the law.

## **5.0 Procedure and Policy for Writing-off Pledges**

The Eastern Washington University Foundation Board of Directors will implement a process whereby a quarterly review of all pledges outstanding in excess of \$10,000 is completed. A review is necessary in order to ascertain individual pledge viability and the likelihood of their fulfillment. Pledges for which no payments have been received, or for which payments have been received, but are delinquent according to the pledge payment plan, would be researched with the potential to be considered bad debt and written-off if deemed non-payable. Assignment of delinquent donor pledges should be made to the appropriate college advancement director, university executive or board member to steward the collection process wherever possible in order to reduce the likelihood of having to write-off the pledge.

The reserve for uncollectible pledges should be reviewed annually by the Foundation's Audit Committee and the external audit firm for appropriateness. Charges against and changes in the reserve balance should be discussed at Eastern Washington University Foundation board meetings where all board directors are present.

Annual fund phonathon pledges should be reviewed throughout the year and written-off 120 days after pledge date if no payments have been made, unless the payment schedule calls for extension. The primary purpose of the student phonathon is to generate operating support for the Foundation each year. Some of these annual fund pledges may be significant, however, and should be reviewed individually to determine the likelihood of fulfillment.

## **6.0 Gift Acceptance Committee**

The Eastern Washington University Foundation Finance Committee will serve as the Gift Acceptance Committee and approve certain gifts as described in this policy and noted below.

- Unconditional pledges in excess of \$100,000;
- Gifts of marketable securities in excess of \$250,000;
- Gifts of life insurance policies;
- Bargain property sales;
- Gifts of closely-held stock;
- Partnership interest (either publicly traded or non-publicly traded);
- All gifts of real property;
- Deferred giving vehicles; and
- All retained life estates.