

SOUTHERN ARKANSAS UNIVERSITY FOUNDATION, INC
Gift Acceptance Policy

I. OVERVIEW

A. INTRODUCTION:

Southern Arkansas University Foundation, Inc. (SAUF) is a non-profit Arkansas Corporation started in 1981. SAUF qualifies for tax treatment under Section 501(c)(3) of the Internal Revenue Code. The taxpayer ID number for SAUF is 71-0549140.

B. MISSION:

The Mission of SAUF is to assist and coordinate in raising and managing funds and resources on behalf of Southern Arkansas University to be used exclusively in furthering the literacy, scientific, and educational purposes of the university.

SAUF offers donors the opportunity to make gifts of both cash and non-cash assets for use on behalf of Southern Arkansas University. SAUF also offers donors opportunities to make gifts reserving a life income for the donors and other beneficiaries through their wills or through current giving.

C. DEFINITIONS:

1. Gift or donation:

A gift or donation in cash or property, for institutional support, scholarship funds, or general educational advancement through SAU, with the full amount of the donation subject to expenditure.

2. Endowment:

Cash or property received from a donor for the purpose of establishing a fund to be retained by the University with only the income earned actually spent, usually for some specified educational purpose.

3. Restricted Gift or Endowment:

An endowment, scholarship, or other gift or grant of money or property the use of which is subject to specific terms or conditions.

4. Valuation of Gifts:

The donor is responsible for the valuation of any gifts of real or personal property made to SAUF, and shall be solely responsible for obtaining any required appraisal reports, copies of which shall be provided by SAUF.

5. Gifts Requiring SAUF Board Approval:

Routine gifts in the form of checks, cash, stock certificates, or bonds, do not typically require specific SAUF board approval for legal acceptance. Such gifts will be acknowledged and the donor provided a statement suitable for tax reporting. Gifts of real property, minerals, royalty, timber, and gifts involving bargain sales or potentially complex valuation issues, will require SAUF board approval before legal acceptance.

D. ETHICAL STANDARDS FOLLOWED IN ADMINISTRATION OF FUNDS

SAUF employees, university staff assigned to assist SAUF, members of the SAUF Board of Governors and any other person authorized by SAUF to act on behalf of SAUF, agree that all gifts and property donated to, or otherwise acquired by SAUF, shall be accepted, administered and distributed subject to the following ethical rules and standards:

1. Conflict of Interest:

A conflict of interest arises when a member of an above-identified group has an actual or potential financial interest in some matter involving the administration of SAUF property or programs. In such a case the interested party shall make a full disclosure of the interest, actual or potential, before the SAUF Board of Governors. Thereafter, that party shall be excused from further discussions and the Governors shall then deliberate and decide what measures to take that are in the best interest of the SAUF.

2. Confidentiality:

Information transmitted by an actual or potential donor to an SAUF employee, university staff, member of the SAUF Board of Governors, or authorized agent acting on behalf of SAUF, shall be kept confidential to the extent permitted by law, unless otherwise specifically authorized for disclosure by the donor.

3. Advisory Opinions or Statements:

Donors shall be advised to seek legal and tax advice from their personal attorney, accountant, or financial advisor regarding any contemplated donation or any documents required to complete any proposed gifting programs. SAUF employees, assigned staff, authorized agents or members of the SAUF Board of Governors may provide copies of typical documents used in gifting transactions similar to that contemplated by the donor, but shall do so under the proviso that the potential donor obtains approval for use of the forms from their attorney, accountant, or financial advisor. In no event shall the donor be provided an estimate of value or provided an appraisal on donated property by anyone acting on behalf of SAUF.

4. No Financial Interest in Donated Property:

No SAUF employee, assigned staff, authorized agent or member the SAUF Board of Governors shall derive any financial interest, monetary gain, or payment entitlement arising from a donor's gift. All gifted sums and property shall accrue solely for the benefit of SAUF.

5. No Administrative Influence:

No gift shall be accepted from any donor who has expectations of deriving administrative influence over the use of management of the donations. Donors may not dictate or otherwise intrude into the administration and actual utilization of donated funds. Naming right for the university buildings and other facilities in recognition of specific donors shall be permissible.

6. Workplace Harassment and Anti-Discrimination:

SAUF is committed to compliance with all state and federal laws with respect to equal employment opportunities, compliance with physical disabilities acts, and age discrimination and sexual harassment acts, where any or all such legislation is specifically applicable to SAUF.

7. Designated Gift Use:

Donors may designate the intended use of a proposal gift and SAUF will not redirect such use without the donor's consent. However, if circumstances are such that continuation of the initial use is not economically justified and/or educationally appropriate, SAUF may seek approval for a change in use from the donor, if living, or the donor's heirs or legal representative, if the donor is deceased. If a change in use is adopted, a reasonable effort will be made to adopt a use as similar to the original use as is reasonably possible.

8. Gift Must Be Legally Accepted by SAUF:

SAUF reserves the right to decline any proposed gift and no gift shall be deemed legally accepted until fully acknowledged by SAUF. Acknowledgment shall be in the form of a written response by SAUF on larger, more complex gifts while oral acknowledgment from SAUF shall be sufficient for smaller, less complex gifts.

9. Gifts from University Faculty or Staff:

Gifts from Southern Arkansas University faculty or staff may be accepted subject to the following terms:

Charitable intent is the primary purpose of the gift.

Gift does not personally benefit the donor.

No remuneration expected or received by the donor as a result of the gift.

10. No Funds For Political Purposes:

SAUF may not use any funds, either directly or indirectly, for political purposes.

11. No Donor Control Over Gifts To Specified Recipient:

SAUF may not accept, directly or indirectly, any donation of funds or property to be used for the exclusive benefit of any individual specifically designated by the donor. Donors may establish reasonable criteria for the determination of qualified recipients as long as such criteria are not discriminatory with respect to age, gender, race, or religion. Actual selection of qualifying recipients shall be made by the appropriate official from either SAUF or SAU, but not the donor.

12. Donor Bill Of Rights:

SAUF adopts the following Donor Bill of Rights.

- A. SAUF Governors will exercise prudent judgment in the care and use of donors' funds.
- B. Donor will receive appropriate acknowledgment and recognition for any gift.
- C. Donated funds will be used for purposes specified by donor whenever possible.
- D. Donor's confidentiality will be respected to the extent permitted by the law.
- E. SAUF employees will respond promptly and factually to donor informational request.

E. VALUATION OF GIFTS:

Gifts will be valued by the application of generally-accepted accounting principles. The donor is responsible for documentation of the value of the gift, which in some circumstances may require appraisals in a form satisfactory to the Internal Revenue Service before SAUF may accept the gift. Donors are expected to provide SAUF with copies of all appraisal materials.

F. MATERIAL RESTRICTIONS:

SAUF may not accept gifts that place restrictions on the use of the gift in contravention of the law.

G. GIFTS REQUIRING SAUF BOARD APPROVAL:

1. Gifts that are consistent with the purposes of SAUF and otherwise comply with the law do not require SAUF Board approval for acceptance.
2. Some gifts, because of the nature of the gift, the law, or special circumstances, require SAUF Board approval. These gifts include, but are not limited to the following:

- Real Estate
- Bargain Sales
- Assets with unusual liabilities attached

H. PLEDGE PROPOSAL:

Pledges will be recorded and reported in accordance with relevant Financial Accounting Standards Board (FASB) rules and CASE Guidelines.

1. Except as described in Item 4. below, pledged commitments must be written, signed by the donors, and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. In addition, the written pledge should contain a statement of the gift's designation, purpose, and any restrictions.
2. Every effort should be made to keep the pledge payment period to five years or less.

3. A donor's pledge cannot be paid with a payment by a third party such as a community foundation, donor-advised fund, or private foundation or by a matching gift.

4. Verbal pledges made as part of a phone campaign will be booked provided a letter of negative confirmation has been mailed to the donor.

II. ASSETS ACCEPTABLE AS GIFTS

The following assets are acceptable as described, either as outright gifts, as bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust, gift annuity, or lead trust as determined by the IRS. All gifts are subject to approval by SAUF staff and outside legal counsel. SAUF may decline a gift for any reason.

- A. CASH:** SAUF accepts cash, check, money orders, bank drafts and gifts via credit card and internet payment mechanisms.
- B. MARKETABLE SECURITIES:** SAUF accepts gifts of publicly traded stocks and bonds.
- C. SECURITIES IN CLOSELY HELD CORPORATIONS:** SAUF accepts stock in closely-held corporations, subject to a qualified financial and legal appraisal.
- D. S-CORPORATION STOCK:** SAUF accepts stock in so-called "S-corporations," subject to a qualified financial and legal appraisal.
- E. PARTNERSHIP INTERESTS AND INTERESTS IN LIMITED LIABILITY COMPANIES ("LLC"):** SAUF accepts stock in partnerships and limited liability corporations, subject to a qualified financial and legal appraisal.
- F. FAMILY LIMITED PARTNERSHIPS ("FLP"):** SAUF accepts stock in family limited partnerships, subject to a qualified financial and legal appraisal.

- G. REAL ESTATE:** Real estate gifts must be approved by the SAUF Board of Governors and legal counsel. Depending on the facts, the gifts may be accepted with conditions imposed by SAUF which will remain the responsibility of the donor. Donors remain responsible to environmental regulations to the extent required by the law.
- H. BARGAIN SALES:** The SAUF Board of Governors may approve gifts in the form of bargain sales. (A bargain sale is one in which SAUF is provided the opportunity to purchase property at less than its fair market value. The gift is usually the difference between the sale price and the market value.).
- I. TANGIBLE PERSONAL PROPERTY:** SAUF may, in its discretion, accept gifts of tangible personal property. Conditions for accepting such gifts include: salability or usability and current needs for the type of property offered; physical condition of the property; cost of any storage or insurance needed and any other unusual feature or condition involved in the transfer.
- J. INSURANCE:** SAUF may be named as a percentage or contingent beneficiary of any life insurance policy. In addition, SAUF accepts life insurance policies for which the donor has relinquished ownership by assigning all rights, title, and interest in the policy to SAUF. If the insurance policy is not fully paid up, then the usefulness of the gift is judged on a case-by-case basis. If the policy is accepted, then SAUF may choose either to cash it in for the current surrender value or continue to pay the premium still due. **SAUF does not participate in charitable split dollar insurance plans.**
- K. RETIREMENT PLAN ASSETS:** SAUF may be named as a beneficiary of any retirement plan.
- L. BEQUESTS:** SAUF receives bequests from persons who have directed in their wills that certain assets be transferred to the Foundation. The Foundation's legal name is *Southern Arkansas University Foundation Inc.*
- M. OTHER ASSETS AND FORMS GIFT MAY TAKE:** Other types of gifts not mentioned in this policy may be acceptable within reason for the purpose given, and in an amount appropriate for the gift type. SAUF relies on fiscal and legally-sound rationales for the acceptance of such gifts. The SAUF Board of Governors may be required to approve such gifts.

III. LIFE INCOME ARRANGEMENTS

The following life income agreements are acceptable when in compliance with the Internal Revenue Code at the time the gift is established, and are subject to reformation as tax laws change. SAUF willingly acts as trustee for these life income vehicles where SAUF is the irrevocable remainder beneficiary.

A. GIFT ANNUITIES

A gift annuity contract may be established for a minimum gift of \$10,000. Additions to an annuity are not permitted. Annuitants must be sixty years of age or older when payments begin. Annuities may have no more than two annuitants and no exception shall be made. A gift annuity agreement shall not be issued unless the charitable gift computed using the government tables exceeds 10% of the amount transferred for the annuity. The payout rates offered are regulated by Arkansas statutes and shall be those recommended by the American Council on Gift Annuities.

B. CHARITABLE REMAINDER TRUSTS

SAUF may accept gifts from both charitable remainder annuity trusts and charitable remainder unitrusts which are in a form substantially similar to the forms approved by the Treasury Department or are otherwise determined by SAUF's legal counsel to be legal trusts for administration by SAUF. SAUF encourages the use of a Trustee suitable to the donor including banks or other appropriate institutions. If SAUF be selected to serve as Trustee, then SAUF will provide donor's advisors with certain necessary Trustee provisions. SAUF will consider serving as Trustee only on the following terms:

1. SAUF is the irrevocable remainder beneficiary.
2. The trust is funded with a minimum amount of \$100,000.
3. The number of life income beneficiaries, and the generations across which beneficiaries may span are negotiable based on meeting Internal Revenue Code requirements for remainder values, generation skipping tax implications for the donor, and the funding amount.
4. The charitable contribution to SAUF is computed to be \$20,000 or more.
5. In no event shall mortgaged property be accepted.

SAUF encourages donors to consult their own legal counsel and tax advisors to create a charitable remainder trust. When requested by the donor, SAUF will provide sample documents and calculations for the donor and his or her advisors to review.

IV. POLICY EXCEPTIONS

A. General exceptions - Exceptions to this policy must be approved by the SAUF Board of Governors.

B. Exceptions for completed gifts and gifts under negotiation - Gifts made through estate plans that have been properly executed prior to the date of this policy, and gifts already received by SAUF are “grandfathered” in under this policy. Gifts under negotiation at the time this policy is adopted need not conform to the policy but will be accepted based upon the spirit of this policy and the specific terms negotiated with the donor.

V. AUTHORITY TO NEGOTIATE

The SAUF Board of Governors authorizes the Executive Director and his/her delegates to negotiate on behalf of SAUF acceptable gifts (other than cash and listed securities). Gifts negotiated must be in consonance with this policy.

The Board authorizes the Executive Director or any delegate working through the planned giving program, and any advisor or outside counsel deemed necessary, to negotiate life income gifts - charitable remainder trusts, charitable lead trusts, pooled income fund gifts, gift annuities - both *inter vivos* and through estate planning.

Negotiated gifts shall be submitted to the SAUF Board of Governors or the Executive Committee for approval. They may seek the advice or input of any party they deem appropriate to make a fiscally, legally, sound decision in accepting any gift.

Adopted April 21, 2017

**SOUTHERN ARKANSAS UNIVERSITY FOUNDATION
CHECKLIST FOR GIFTS OF REAL PROPERTY**

NAME of DONOR: contact/phone/e-mail

PROPERTY LOCATION: address/legal description/access/

PROPERTY DESCRIPTION and USE: size/ zoning/ lease/ tenant

MAINTENANCE STATUS: repairs/ environment reqs.

VALUATION: appraisal / sales and listing history

TITLE: Ownership/ abstract/ deeds/ title insurance/

RECOMMENDATION:

Adopted April 21, 2017