

**Maricopa County Community Colleges  
Foundation dba Maricopa Community Colleges  
Foundation  
Gift Acceptance Policy**

**Adopted by Foundation Board September 1, 2010  
Amended and Revised November 24, 2020**

<b>I.</b>	<b><u>STATEMENT OF PURPOSE</u></b>	
	A. Gift Acceptance Policies.....	4-5
	B. Gift Acceptance Committee .....	5-6
<b>II.</b>	<b><u>GIFT OVERVIEW – DEFINITION OF GIFT</u></b>	
	A. Gift Defined .....	6
	B. Conditions.....	6-7
	C. Gift Designation .....	7
<b>III.</b>	<b><u>GIFT TYPES</u></b>	
	A. Cash/Matching Gifts.....	7-8
	B. Tangible Personal Property.....	8-9
	C. Intellectual Property.....	9-10
	D. Marketable Securities .....	10
	E. Real Estate/Retained – Reserved Life Estates.....	10-12
	F. Life Insurance.....	12-13
	G. Retirement Plans .....	13
	H. Closely Held Securities or Entities .....	13
	I. Donor Advised Funds	13-14
	J. Donor Direct Funds/Special Committees .....	14
	K. Charitable Gift Annuities.....	14
	L. Charitable Remainder Trusts .....	14-16
	M. Charitable Lead Trusts .....	16
	N. Bequests .....	17
	O. Bargain Sales.....	17

**IV. GIFT AGREEMENTS and ADMINISTRATION**

A. Gift Restrictions ..... 18

B. Gift Agreements..... 18

C. Pledge Documentation ..... 18-19

D. Naming Opportunities ..... 19

E. Donor Communications..... 20

**V. GLOSSARY OF TERMS..... 20-22**

## **I. Statement of Purpose**

### **A. Gift Acceptance Policies**

It is common practice for nonprofits, and higher education institutions in particular, to have gift acceptance policies and gift acceptance committees. They are an indicator of the sophistication and competence of the institution's development program and staff. More importantly, they engage the staff, administration, Board, and other volunteers to a better understanding of gift solicitation, fundraising, and development. While at the same time, they protect the institution from third-party liability, IRS sanctions, unanticipated costs and negative public or donor relations.

This gift acceptance policy provides guidelines for the Board, officers, staff, and advisors of the Foundation who assist with gift planning, and for prospective donors who may wish to make gifts to the Foundation. This gift acceptance policy is intended to be organic in nature and will evolve as laws change, new gift vehicles are identified, and experience is gained.

Some of the purposes of this gift acceptance policy are as follows:

1. Establishes a discipline in the acceptance and administration of gifts. The process of adopting, reviewing, and revising the policy can be very informative, educational, and enlightening to Development staff, administration, Foundation Board and committee members.
2. Provides focus to the Development staff and strength to the gift administration program. The policy serves as a starting point for identifying and addressing issues early in the gift solicitation process.
3. Creates a healthy environment for decisions to be based on policy, without the distraction of pending gifts. Experience shows that it is hard for a development officer or a Board member to say "no thanks" once the gift, however unattractive, is sitting on the table.
4. Sends a message of professionalism and competence to donors, faculty, Board, committee members, and other volunteers of the Foundation.
5. Protects the Foundation and its donors from unexpected consequences and unintended results. Develops a screen to run gift proposals through for the purpose of identifying issues before the gift is accepted.

6. Enables the Foundation to be more innovative in its gift solicitation processes, due to a fully informed development staff having access to diverse areas of expertise.
7. Allows for deviations from the policies and procedures set forth in this policy where circumstances warrant, on a case-by-case basis.
8. Governs acceptance of gifts and provides guidance to donors and their professional advisors in completing gifts.
9. Discharges fiduciary responsibilities.

Implementation of this policy safeguards the mission of the Foundation and the donor's intent. The acceptance of any gift must be in the best interest of both the Foundation and the donor.

#### B. Gift Acceptance Committee

The establishment and use of a Gift Acceptance Committee (GAC) is also recognized as a best practice for institutions heavily engaged in fundraising and development. The oversight for policies, guidelines and procedures to a well-staffed and focused committee can provide invaluable support and direction to the development staff as well as ensure that the donor's intentions are protected.

The GAC will be comprised of the following representatives of the Foundation and staff: Foundation President/CEO, Foundation staff designees, Chair of the Foundation Finance Committee, Chair of the Foundation Board and other individuals appointed to the committee by virtue of their expertise in tax and estate law, financial planning, accounting, real estate, insurance, banking or trust administration. When necessary, consideration should be given to additional advisory members drawn from the Foundation, District Development Staff, and Maricopa Community College District, the Foundation's professional advisors, and/or community members with external expertise in tax and estate law, financial planning, accounting, real estate, insurance, banking and trust administration.

The GAC is charged with:

1. Reviewing and recommending policies, guidelines, and procedures for terms of acceptance of gifts.

2. Reviewing select gift proposals and recommending their acceptance to the Foundation Board and Development staff when such gifts are complex or may involve special considerations.
3. Reviewing all gifts in trust, gift annuity agreements, retained life estates, bargain sales, and gifts of assets which are not readily marketable (i.e. real estate, tangible personal property, stock in closely held companies, interests in partnerships or limited liability companies), prior to acceptance by the Foundation.

## **II. GIFT OVERVIEW – DEFINITION OF GIFT**

A charitable gift is generally defined as a voluntary transfer of property by the owner to a qualified charity without consideration or anticipated benefits in return beyond the satisfaction which flows from the performance of a generous act.

The term “gift” refers to private, charitable contributions to the Foundation, which may also be referred to as “grants” by foundations and corporations. Gifts may be outright for current use by the Foundation or deferred to a future date and use. Gifts or grants may be made by individuals, partnerships, corporations, companies, foundations, and other qualified entities, collectively referred to as “donors.”

It is imperative that donors understand at the outset of an outright gift that once made it becomes an asset of the Foundation. From that point forward, the Foundation administers the gifted funds in the best interest of its mission and educational purposes, subject to gift restrictions, if any, and applicable law (*e.g.* Uniform Prudent Management of Institutional Funds Act as adopted under Arizona law).

Gifts are typically characterized as follows: (i) Motivated by a charitable desire to support the mission of the Foundation and District; (ii) An unconditional and irrevocable transfer of assets to the Foundation for use in carrying out its exempt purposes; (iii) Not subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain planned gifts.

### **A. Conditions**

The Foundation will accept gifts and grants that are consistent with its mission, values, and educational goals, provided that they are: (i) Compatible with the tax-exempt status and the strategic initiatives of the Foundation and its programs; and (ii) Comply with applicable law, including, without limitation, the Internal Revenue Code of 1986, as amended (“IRC”) and other federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions will be tax favored (collectively, with IRC, the “Rules”).

The Foundation will not accept gifts or grants that: (i) Violate any federal, state or local statute or ordinance; (ii) Contain restrictive clauses that are in conflict with the Foundation's mission; are unreasonable or too restrictive; or that reserve to the donor or representative, the right to designate the recipient; (iii) Exposes the Foundation to an unacceptable risk of litigation or other liability; or (iv) Acceptance of which will negatively affect the financial viability or the public image of the Foundation.

#### B. Gift Designation

A gift may be designated by the donor as unrestricted or restricted. The restricted gifts may be for purposes of establishing an endowment fund, earmarked for a capital improvement project, equipment, scholarship fund, specific program, or other acceptable purpose, all in support of the Foundation's mission. A written gift agreement must be signed for restricted gifts and endowed gifts. The agreement creates a permanent and official record of a gift, its purpose and restrictions, and is evidence that the donor(s) and Foundation were both informed of, and agreed to its terms and conditions.

### **III. GIFT TYPES AND ACCEPTANCE**

#### A. Cash

Gifts in the form of cash, check, money order, or electronic payments, are accepted and receipted by the Foundation at face value.

Foreign currency will be valued at the exchange rate in effect on the day the gift is received by the Foundation (in US dollars).

Matching Gifts: Many corporations have donation programs in which the corporation will "match" gifts made by their qualified employees to educational and other non-profit organizations. Typically, these gifts are made in a fixed ratio to the employee's gift, i.e., 1:1, 2:1 on an annual basis. Matching gifts are receipted at face value and credited to the corporation.

Matching gift companies typically route their matching contributions through a tax-exempt division of the company. To preserve their tax-exempt status the matching gift company must retain control over the disposition of their matching contribution; therefore, the donor may not use the matching gift as a payment on his/her pledge.

Matching gifts are not eligible where the employee/donor makes payment for services, i.e., tuition and fees, athletic tickets or where benefit is provided

directly to the donor or donor family members in exchange for the donor gift (e.g. fundraising event tickets).

## B. Tangible Personal Property

Examples of tangible personal property may include, without limitation, works of art, computer hardware and other equipment, literary works, furniture and motor vehicles.

A gift of tangible personal property may be accepted by the Foundation provided that:

1. The gift is consistent with the mission and educational needs of the Foundation or is desired by and can be transferred to the District or its Colleges, or can be readily converted to cash.
2. Acceptance of the gift will not incur significant expense in its present or future use, display, maintenance, administration, or disposition.

Gifts of tangible personal property made on the condition that the items be loaned back to the donor, or persons designated by the donor, for life or extended periods of time are generally unacceptable.

Gifts of interests in a real estate timeshare are generally unacceptable.

Gifts to the Foundation of tangible, personal property, such as paintings, other works of art, furniture, or collections made on the condition or expectation that the items will be permanently maintained and exhibited by the Foundation are generally unacceptable. Such gifts could be acceptable if they can be transferred to the District or its Colleges that have previously accepted those terms and conditions.

Tangible personal property (i.e. gemstones, burial plots, automobiles, works of art, etc.) may fund an outright gift, charitable gift annuity or charitable remainder trust, with the approval of the GAC. The tangible personal property generally will not be held but will be liquidated as soon as possible. The donor needs to be made aware of the potential tax, administrative expenses, and other consequences of contributing such property.

Following, are guidelines for the valuation, approval, acceptance, and disposition of gifts of tangible personal property:



## 1. Valuation

All gifts of tangible property will be receipted per The Rules.

For donated items of tangible personal property valued between \$500 and \$4,999, the donor must complete Part 1 of IRS Form 8283 and submit the form to the Foundation for signature and should provide the Foundation with a purchase receipt, appraisal or other evidence of the item's value.

Gifts valued at more than \$5,000 require the donor to obtain a qualified appraisal from an unrelated third-party regularly engaged and qualified to value the subject property. The donor must complete all parts of IRS Form 8283 and submit the form to the Foundation for signature. The President/CEO, or their designees, are the only individuals authorized to sign IRS Form 8283.

In the event a signed IRS Form 8283 is on file, the sale, exchange or transfer of the gifted property by the Foundation within three (3) years from the date of gift, gives rise to the Foundation filing a donee information return, IRS Form 8282, within 125 days of disposing the gifted property. The Foundation shall inform the donor when such a filing occurs as it may affect the donor's charitable income tax deduction.

## 2. Approval and Acceptance Process

Foundation representatives will prepare a written summary of the gifted property and gift proposal for submission to the GAC, through the Vice President of Development. The GAC will review the summary and related materials and determine if the gift should be recommended for acceptance or rejection.

## 3. Disposition

Foundation President/CEO or a foundation staff designee will be responsible for the disposition (sale, transfer to the District or its Colleges, etc.) of tangible personal property gifts. Upon the sale of the gifted property, the Foundation will file IRS Form 8282, if necessary.

## C. Intellectual Property

Careful consideration should be given to proposed gifts of patents, copyrights, licenses and computer software, and other intellectual property. Special rules apply to the valuation of intellectual property and the income tax deduction for the donor, resulting from the gift of intellectual property. Intellectual property gifts will be valued and receipted according to the Rules.

#### D. Marketable Securities

Marketable securities will be sold as soon as is practical after receipt by the Foundation. The Foundation has an established account to receive gifts of marketable securities. Marketable securities gifts will be valued per the Rules using the average price of the security on the day of receipt by the Foundation investment manager.

Other considerations include the following:

1. The GAC has the right to refuse any gift. This could include gifts of securities that are not readily marketable, not in alignment with the investment policy statement, that involves complicated ownership structure, or investments that are not in line with the mission and social responsibility of the Foundation.
2. Securities that are not readily marketable will be reviewed by the GAC prior to acceptance.

Shares subject to restrictions, whether by contract, SEC rules, an underwriter's "lock-up" or other restriction, or as the result of corporate policy applicable to the donor, will be given special review and accepted only if the GAC determines it is in the best interest of the Foundation. Every effort should be made to have the restrictions removed prior to the gift.

#### E. Real Estate

All real estate gifts (i.e. single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and acreage, etc.), whether outright, in trust, or retained life estate, it shall be subject to GAC review and recommendation. The Foundation will consider each of the following prior to accepting an interest in real property:

1. A current qualified appraisal of the subject real property is received from the donor, at the donor's expense. The Foundation may elect to obtain its own appraisal of the subject real property at the Foundation's expense.
2. Professional inspection of the real property is made by qualified agents, or volunteers.
3. Structural assessments are made of any improvements on the real property, if deemed necessary.
4. Title search and review of resulting preliminary title insurance report is received.

5. A Level 1 Environmental Assessment is conducted, except that the Foundation may obtain an American Society Testing Materials (ASTM) transaction screen for personal residences or other properties as determined appropriate by the GAC or for real property which has been used exclusively for residential purposes for at least twenty-five (25) years.
6. Market assessment is made by at least two knowledgeable brokers.
7. Discussions are held with the donor regarding additional gifts to the Foundation to meet ongoing expenses and maintenance of the real property until sold.
8. A real estate checklist is completed with information provided by the donor, including detailed information on the subject real property if income producing.

An outright gift of income property subject to a mortgage, requires special consideration. A gift of real property, encumbered by debt, is treated as a part sale/part gift transaction, which typically gives rise to gain on the sale portion of the transaction to the donor. A gift of encumbered real property, may be acceptable depending on whether the property has sufficient equity, adequate cash flow to service the mortgage, or is readily marketable. Gifts of encumbered real estate, may give rise to unrelated business income that could be taxable to the Foundation. Gifts of real property, encumbered by debt, shall be reviewed by the GAC and legal counsel to the Foundation prior to acceptance by the Foundation.

The Foundation also accepts gifts of Retained /Reserved Life Estates. An individual may transfer to the Foundation, title to a personal residence, vacation home, farmland, or ranch property, subject to a reserved life estate in favor of the donor, giving donor full use of, and rights to, all income from the property for the donor's lifetime. At the death of the life of the named life estate, the reserved life estate expires, and the entire fee interest in the property vests in the name of the Foundation. Guidelines for acceptance and administration of these gifts include the following:

1. No retained life estate will be accepted without prior approval of the GAC.
2. The donor continues to be responsible for real estate taxes, insurance, utilities, and maintenance of the property throughout the period in which the life estate remains in effect, as set forth in a written and signed Life Estate Agreement.

3. Neither the donor, nor any other person with an interest in the property, shall be able to compel the Foundation to make any capital improvement or take any other action regarding the property involving the expenditure of funds or an assumption of a risk without GAC written approval.
4. Gifts of real property subject to a retained life estate, are subject to the same review process as for other gifts of real property as addressed herein.
5. A Life Estate Agreement will be entered into between the Foundation and the donor addressing the rights, responsibilities and obligations of the parties during the retained life estate, which shall include indemnification of Foundation from liabilities arising from the property and the right of Foundation to decline acceptance of the property upon expiration of the life estate for environmental or other reasons.

Gifts of real property will be receipted per the Rules.

#### F. Life Insurance

Life insurance policies (including whole life, variable and universal life policies) may be accepted as gifts with the following criteria:

1. The Foundation is named as the owner and irrevocable beneficiary of the policy.
2. Shall be reviewed by Foundation staff designee before it is accepted as a gift.
3. The policy is either paid up or, if not paid up at date of gift, the Foundation receives from the donor, a cash gift adequate in amount so that Foundation can make a single premium payment to achieve paid up status, or receive a written pledge from donor to make annual gifts to Foundation adequate in amount so that the Foundation can make annual premium payments. Annual gifts for premium payments from the donor will be receipted as outright gifts at the full value of the payment. If the donor fails to make an annual gift for the premium, the Foundation may choose to pay the premium, after review of the GAC and a life insurance specialist, and record it as an operating expense or surrender the policy.

The original insurance policy shall be reviewed by the Foundation President/CEO and Fiscal Director prior to acceptance of the gift. The Foundation shall have the right to maintain or surrender the life insurance policy, at any time. The Foundation may refuse any life insurance policy gift.

Any life insurance policy with a loan against it will be reviewed by the GAC prior to acceptance.

A donor may make the Foundation the beneficiary or partial beneficiary of a life insurance policy, but the Foundation may not have to recognize the gift as a planned gift. The GAC can review the policy and make an exception to recognize the gift.

#### G. Retirement Plans

Donors are encouraged to name the Foundation as beneficiary of all or a portion of their retirement plan assets. Proceeds received by the Foundation for such gifts shall be receipted as outright gifts and the time the proceeds are received.

After 70.5 years of age, a donor can give up to \$100,000 annually from a traditional IRA, using a Qualified Charitable Distribution (QCD), directly to the Foundation without recognizing the distribution as income. These funds must come directly from the retirement plan to the Foundation to qualify as a Qualified Charitable Distribution. The donor should consult with a qualified tax advisor prior to donating any such gift.

#### H. Closely Held Securities or Entities

Gifts of closely held securities or entities must be approved by the GAC. Generally, these will only be acceptable if there are no restrictions on their sale, such sale can be completed in a reasonable period of time, and their value and marketability can be legally determined. Costs incurred in determining value, marketability, and legal restrictions, will be paid by the donor. Determination of Unrelated Business Taxable Income, UBTI, will be evaluated by the GCA and an accounting professional prior to acceptance.

When evaluating potential gifts of closely held securities or entities, the Foundation may want to consider establishing supporting organizations, which exist for the sole and exclusive benefit of the Foundation (*i.e.* charitable trust and nonprofit corporation), to serve as the holder of interests in closely held entities. These supporting organizations may serve a useful purpose for limiting liability exposure, and for tax planning.

Gifts of closely held securities or entities shall be receipted according to the Rules.

#### I. Donor Advised

The Foundation does not offer Donor Advised Funds. However, on advice of legal counsel, the Foundation does make it possible, under controlled

circumstances, for donors to offer general direction in the use of the funds they donate and to participate in a limited way, in selecting recipients of the scholarships they fund.

J. Donor Direct Funds/Special Committees

In general, the selection of scholarship recipients is made by staff and/or Maricopa Community Colleges Foundation Board members, or volunteers, or by appropriate staff and/or faculty at one of the 10 colleges that comprise the Maricopa County Community College District. In some cases, individual donors are permitted to participate as committee members in the scholarship selection process. However, that participation is strictly limited and must be based on a prescribed process, written criteria, and the active recruitment of a broad pool of eligible scholarship applicants.

Donors are not permitted to make up a majority of a selection committee nor can they control the selection of other committee members.

K. Charitable Gift Annuity (CGA)

A CGA is a contract between a donor and the Foundation. The donor may transfer cash or marketable securities to the Foundation to fund a CGA (funding a gift with appreciated real property will be subject to review and approval of the GAC). Regular, fixed payments are sent (direct deposit is also available) to the donor(s) or designated beneficiaries. These contractual payments are backed by the assets of the Foundation.

CGA rates offered by the Foundation will follow the rates suggested by the American Council on Gift Annuities. Generally, beneficiaries should be at least 65 years of age at the time the CGA is funded, or in the case of a deferred or flexible annuity, at the time the CGA is to commence payments. A minimum of \$50,000 is required to fund a CGA contract with the Foundation. By law, a donor cannot add to a previously established CGA contract.

The regulation of gift annuities varies from state to state so the gift annuities described may not be available in all states. CGA's will be receipted according to the Rules.

L. Charitable Remainder Trusts (CRT)

A CRT is a separately administered trust established by the donor. It provides for payments to the donor, or other named beneficiary, either for life, two lives, or a term of not more than 20 years. At the end of the trust term, the remaining assets are distributed to the charitable beneficiary or beneficiaries.

Charitable Remainder Unitrusts (CRUTs) provide payment to the income beneficiary in an amount that varies based on the value of trust's assets. The payment must equal a fixed percentage of the fair market value of the trust assets, valued annually. The minimum percentage is 5 percent (5%). Additional gifts may be made to a unitrust.

There are 4 different types of CRUTs available:

1. A "standard" or "straight" unitrust pays a fixed percentage of the value of the trust assets each year, even if it is necessary to invade trust principal to do so.
2. A "net income" unitrust (NICRUT) pays the lesser of the fixed percentage or the trust's income (i.e. interest and dividends), so trust principal would never be invaded.
3. A "net-income with make-up" unitrust (NIMCRUT) is like the NICRUT except that earnings in excess of the fixed percentage in any given year can be distributed to make-up for any shortfalls in prior years where the income was less than the fixed percentage.
4. A "flip unitrust" (Flip CRUT) is typically recommended when the asset used to fund the trust is not readily marketable or income producing, giving rise to liquidity concerns in meeting the unitrust payments. Distributions are not made to the donor until the "flip" event occurs, which is usually the sale of an asset in the trust.

Charitable Remainder Annuity Trusts (CRAT)

A CRAT is also a form of charitable remainder trust that pays a fixed amount for the entire trust term based on a fixed percentage (at least 5%) of the fair market value of the assets on the date of contribution to the trust. The annuity payment remains constant over the trust term, and no additional gifts can be made to the CRAT once established.

A CRUT and CRAT may be funded with cash, securities or real estate (mortgage free) or other assets. The donor is likely to receive greater tax benefits in funding the CRT with long-term, highly appreciated, capital gain assets. The donor should consult with their financial advisors in determining which assets may be best in funding a CRT.

In general, the Foundation will not serve as trustee of a CRT. Exceptions may be made by the GAC but only in cases where the Foundation has been designated as an irrevocable remainder beneficiary of (100%) of the trust. The donor will be encouraged to serve as his or her own trustee or to secure the services of a professional trustee. The Foundation will not serve as trustee of a CRT if its beneficial remainder interest in the trust is subject to change by

the donor. Any special consideration(s) will be reviewed and approved by the GAC.

If the Foundation is the 100% irrevocable beneficiary, then the Foundation will consider covering the costs to set up a CRT.

Trust documents are legal documents and should be drafted by an attorney at donor's direction. While the Foundation may provide sample language, no legal documents will be provided by the Foundation.

Unitrust payout rates must be at least 5% and must result in a minimum projected remainder to charity of 10%, as verified using planned giving software (PG Calc or Crescendo).

CRT's will be receipted according to the Rules.

#### M. Charitable Lead Trusts

A Charitable Lead Trust ("CLT") is essentially the reverse of a Charitable Remainder Trust. A portion of the assets placed in the lead trust are paid to the Foundation for a period of years. Once the defined period of years has passed, the lead trust terminates with the then remaining trust assets either reverting back to the donor or transferred to named remainder beneficiaries (typically children or grandchildren).

In establishing a lead trust, the donor is "lending" the asset to the Foundation for the term of trust, allowing the Foundation to benefit from the asset over the trust term, and in so doing the donor may obtain income or estate tax benefits.

Charitable Lead Trusts are most appropriate for donors with substantial wealth, who have assets generating attractive income, who do not need the income, want to benefit the Foundation during their lifetimes, and wish for the assets to ultimately pass to their children or grandchildren. The donors should consult their legal counsel and financial advisors to determine benefits.

Generally, the donor will act as trustee or hire the services of a professional trustee for a charitable lead trust. In the case of exceptions approved by the GAC and depending on the type of assets used to fund the CLT, the Foundation may also require release and indemnification provisions in the trust.

CLT's will be receipted according to the Rules.



## N. Bequests

Estate gifts in the form of bequests are the most common type of planned gift received by the Foundation. These gifts may be directed for unrestricted or restricted use, e.g. a scholarship endowment, or program support.

The types of bequests are as follows:

1. Specific bequest – Typically, a specified dollar amount or a percentage of the estate, although it can also be a gift of real estate or tangible personal property, i.e. collection (art, book, coin, stamp), antiques or jewelry
2. Residuary bequest – Names the Foundation to receive all or percentage of the remainder of the estate after specific bequests have been fulfilled and expenses of administration paid
3. Contingent bequest – Takes effect only if named beneficiaries in the Will or Trust have predeceased the donor. Naming the Foundation as a contingent beneficiary may prevent the property from reverting to the state in the event there are no heirs
4. Testamentary Trust – Designates that part or all of an estate is to be left in a form of trust with either a bank or individual as trustee, with income and/or principal paid to the Foundation

## O. Bargain Sales

A bargain sale is a 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.

Guidelines include the following:

1. Bargain sales shall be negotiated with the donor, and are subject to review and approval by the GAC and would require the same process undertaken for gifts of real estate or other property described in this policy
2. Bargain sales involving a gift interest of less than fifty percent (50%) of the property's fair market value will typically not be approved
3. An independent appraisal, engaged by the Foundation to value the subject property, should be secured before submission to the GAC for approval.

#### **IV. GIFT AGREEMENTS and ADMINISTRATION**

##### **A. Gift Restrictions**

The goal is to encourage funding for the Foundation without encumbering the Foundation or District with gifts that may prove to generate more cost than benefit, or that are restricted in a manner that is not in keeping with the goals of Foundation. Gifts that are deemed in conflict with the Foundation's mission, the District's strategic academic and long-range plans, or the Foundation's exempt status, may be denied.

##### **B. Gift Agreements**

A gift agreement form will be an all-inclusive agreement that documents the donor's gift intent. The Foundation has developed the Fund Agreement to document all gifts.

Development officers will direct donors to complete the Fund Agreement and work directly with the donor and/or the donor's representative(s) in developing the specific terms of the Fund Agreement. The Development Officer will vet all donor requests through appropriate institutional leadership to ensure donor intent and institutional policies are in alignment and submit a final draft for signature to the Foundation's CEO/President before securing the donor(s) signature.

##### **C. Pledge documentation**

Pledges are commitments to a specific dollar amount, to one or more designated funds, to be fulfilled over a specific time frame, typically, over a span of 3-5 years. All pledges, other than those funded by District employees through payroll deduction, require written documentation and the donor's signature.

The Foundation will enter a pledge for accounting and recognition purposes, only when the pledge documentation form has been completed, signed by the donor, and returned to the institution. Normally, the entire value of a multi-year pledge is booked in the year the pledge is received and documented.

The amount of the pledge recorded by the Foundation, represents only the amount the donor personally plans to contribute. Anticipated matching gifts from a donor's employer, will not be counted in the pledge. A donor cannot obligate a company or donor advised fund, to match their gifts toward a pledge. Any matching gift revenue received will be designated to the donor identified funds (in compliance

with company's matching gift policies), and will count toward the donor's support of the designated project or program but cannot be applied as pledge payment.

#### D. Naming Opportunities

Only the Governing Board has the authority to approve naming rights with the following exception:

**Exceptions**—classrooms, seminar rooms, reading rooms, fountains, furniture, and bricks, plaques, walls and other commemorative installations are not covered under this administrative regulation and may be named at the discretion of the College Presidents, Vice Chancellors, and President/CEO of the Maricopa Community College Foundation with the concurrence of the Chancellor.

Comprehensive guidelines, processes and criteria for the nomination of and approval to name District property in honor of an individual, organization or corporation are contained in *Administrative Regulation 4.10 – Naming of Facilities and Academic Entities*. *Administrative Regulation 4.9 – Commemorative and Dedication Plaques on Buildings*

Foundation staff will provide copies of that administrative regulation, nomination forms, as set forth in *Appendix AS-10, Nominating Form*, and a table of suggested donation values. Staff will assist District and College leaders, Development Officers and other designated staff in planning and soliciting gifts for which a naming right is proposed. Special named gift agreements should be developed by District and Foundation staff for all naming rights, which agreement should include consideration of the potential longevity of the item to which the naming rights are attached.

It also is important to note that special care should be taken when considering naming District facilities or other property that was purchased, constructed, remodeled or in any other way funded through the sale of tax-exempt bonds that have not yet been retired. When considering such naming opportunities, appropriate District Legal and Business Services staff must be consulted early in the process.

It is common practice within a campaign, to assign dollar values to the naming of all or portions of the physical facility funding priorities.

Restricted gifts are commonly assigned a name and account for identification purposes, but otherwise need not go through a formal naming process. Because of their perpetual nature, naming of specific endowed scholarship programs and funds will be memorialized through the Fund Agreement.

## E. Donor Communications

If donors are provided planned gift illustrations, documents, letters, forms, or other correspondence, the following disclaimer should be included:

*Donor should consult with an attorney, accountant, and/or financial tax advisor to review and obtain advice on this information provided to you without charge or obligation. This information in no-way constitutes advice. The Foundation will work with donor's independent advisors as requested.*

## V. **GLOSSARY - Planned/Estate Giving Glossary of Terms**

**APPRECIATED ASSETS** are assets that have a higher market value than their basis or purchase price (tax purpose value). Such assets would, if sold by an individual or non-charitable organization at a price higher than their cost basis, potentially generate a taxable capital gain (either long-term or short-term depending on the holding period) and potential other taxes such as Net Investment Income Tax as stated in the current tax code.

**ATTORNEY** is a person licensed by the state to practice law. An estate planning attorney can assist in the planning and implementation of an estate plan.

**BASIS** is the tax (cost) value of the property or asset used in establishing the potential capital gain amount.

**BENEFICIARY** is the person and/or organization that receives the benefits (usually assets or income of a will, trust or account).

**BEQUEST** is a gift of property or assets to a beneficiary as defined in a will or trust.  
(electronic links)

**CHARITABLE GIFT ANNUITY CGA** is a contract under which a charity, in return for a transfer of cash or other property, agrees to pay a fixed sum of money for a period or for one or two lives. The person who contributes the asset is called the donor and the person who receives the payments is called the annuitant or income beneficiary.

**CHARITABLE LEAD TRUST CLT** is a trust that pays the charity annually for a specified term and the corpus goes back to the donor or beneficiaries. During the term or life of the charitable lead trust, an annuity or unitrust income interest is distributed each year to the designated charitable beneficiary(ies) and the assets are eventually transferred to the trustor's or grantor's designated non-charitable beneficiary(ies).

**CHARITABLE REMAINDER ANNUITY TRUST** CRAT is a trust which is set up to pay the donor a return or fixed annual payment of 5 percent (or more) of the net fair market value of the assets placed in the trust for one or two lifetimes or a term of not more than 20 years. After the term the remainder (corpus) of the trust will benefit charity(ies).

**CHARITABLE REMAINDER UNITRUST** CRUT is a trust that pays a return to the donor, for one or two lifetimes or a term of not more than 20 years, of a minimum of 5 percent of the trust revalued annually. After the term the remainder of the trust (corpus) will benefit charity(ies). The trust assets are revalued annually.

**CODICIL** is a written change or amendment made to a will.

**EXECUTOR/PERSONAL REPRESENTATIVE** is the person or institution named in a person's will who carries out the terms of the will or trust. Traditionally, the word has referred to the male and Executrix to the female, but this distinction is rapidly disappearing.

**GUARDIAN** is the person who is appointed by the Court to care for the person and/or estate of a minor child or incompetent person. One can nominate a guardian in a will, and though normally the Court will honor that nomination, the Court has the right to agree or disagree.

**IRREVOCABLE LIFE INSURANCE TRUST**, ILIT, is usually set up for the purpose of excluding the proceeds of life insurance from the insured's and the spouse of the insured's estate for asset protection purposes.

**LIVING TRUST** is a legal instrument established during its creator's life to hold and manage his or her assets. At death, the creator's assets are distributed to beneficiaries according to the terms specified in the trust. Most are revocable trusts, meaning the creator/donor can make changes.

**PROBATE** is the legal process of proving a will, appointing an executor, and settling an estate; but by custom, it has come to be understood as the legal process whereby a deceased person's estate is administered and distributed. Probate court can be lengthy and hold up asset disbursement and is public knowledge. A trust or beneficial designations on accounts can be used to avoid probate court.

**QUALIFIED TERMINABLE INTEREST PROPERTY TRUST (QTIP)** is a trust often set up to avoid transfer tax on the first spouse's death. The deceased spouse establishes the ultimate disposition of the property, rather than the surviving spouse including the property in their estate. During their lifetime, the surviving spouse

receives all income from the principal and, in some cases, has access to the principal.

**RETAINED LIFE ESTATE** is a gift plan defined by federal tax law allowing the donation of a personal residence (to include a vacation home) or farm with the donor retaining the right to life enjoyment. A life estate may be retained for one or more lives or it may be retained for a term of years. All routine expenses (maintenance fees, property taxes, repairs, etc.) are the responsibility of the donor.

**TENANTS IN COMMON** is a property ownership arrangement in which two or more persons own property jointly. It is not necessary that the ownership consist of equal shares or percentages of the property. The share of the property belonging to the deceased co-owner passes to their heirs and the shares of the remaining original co-owners do not change.

**TESTAMENTARY TRUST** is a trust which is set into motion at the death of the person whose estate it represents.

**TRUST** is defined as any arrangement where property is to be held and administered by a trustee for the benefit of those for whom the trust was created. Depending on the type and how it is established, a trust may be revocable (changeable) or irrevocable (not changeable).

**TRUSTEE** is the person or institution named by a person making the trust, or appointed by the court, to carry out the terms of the trust.

**TRUSTOR** is the individual who establishes the trust. Also referred to as the GRANTOR and/or SETTLOR.

**WILL** is the legal expression or declaration of a person's mind or wishes as to the disposition of the person's property, to be performed or take effect after the person's death.