GOLDEN GATE UNIVERSITY

Title:	GIFT ACCEPTANCE POLICY AND GUIDELINES
Policy number:	
Date:	May 26, 2010
Submitted by:	
Approved by (if relevant):	Approved by the Board of Trustees on May 26, 2010
Public or Login required:	

A. INTRODUCTION

Golden Gate University ("the university") is a nonprofit public benefit corporation established in 1901 and incorporated in the State of California in 1923. The university encourages the solicitation and acceptance of gifts for purposes that advance its mission. The Office of University Advancement shall foster and steward external relations so as to make the experience of donors and prospective donors as positive and rewarding as possible.

The following guidelines and policies govern the acceptance of gifts made to the university. These guidelines and policies are intended to set forth standards to be used when evaluating gifts for acceptance while allowing for flexibility in exceptional cases.

Mission

Golden Gate University prepares individuals to lead and serve by providing high quality, practice-based educational programs in law, taxation, business, and related professions--as a non-profit institution--in an innovative and challenging learning environment that embraces professional ethics and diversity.

Purpose and Role of Gift Acceptance Policy

The purpose of this gift acceptance policy is to govern the acceptance of gifts and to provide guidance to donors and their professional advisors.

Donor's Use of Legal Counsel

Donors must seek their own legal or tax counsel before making gifts to the university for two reasons: the university must not involve itself in the unauthorized practice of law nor be perceived as giving legal advice, and the university must avoid actual or perceived conflicts of interest.

University's Use of Legal Counsel

The university may utilize legal counsel to review certain gifts, such as closely held stock, or closely held stock subject to buy-sell agreements or other restrictions; transactions governed by contracts or legal documents; transactions with potential conflicts of interest; and

transactions identified for counsel review by the Gift Acceptance Committee or board members.

Restrictions on Gifts

The university shall comply with accounting rules issued by the Financial Accounting Standards Board (FASB) in the recognition and treatment of gifts. FASB requires that gifts be classified as unrestricted, temporarily restricted or permanently restricted based on the intent of the donor as set forth in the gift instrument.

Unrestricted gifts are those gifts that the donor has not restricted in any way. While it is understood that some donors may wish to donate funds for restricted use only, the university shall endeavor to maximize unrestricted gifts in order to provide the president and the trustees with maximum flexibility in the use of donated funds. FASB requires that unrestricted funds be recorded as unrestricted operating revenue in the fiscal year the gift was received. On recommendation of the university president or chief financial officer, the board of trustees may take action through resolution to have unrestricted funds deposited in the university's endowment with earnings to be used for general or specified purposes.

Restricted gifts are those gifts which the donor has restricted either temporarily (i.e. time restricted) or permanently (true endowment). Note: for true endowments the corpus of the gift is invested and annual spending is based on a spending rate authorized in the university's Investment Policy Statement and approved by the board of trustees. A minimum gift of $100,000 is required in order to establish a unique endowed fund. Exceptions may be approved by the Gift Acceptance Committee. Donors seeking to establish a new endowment must obtain agreement on restrictions from the university advancement office and sign an Endowed Fund Description detailing the restrictions in advance of committing the gift.

Types of Gifts

There are three primary options available to a donor: current outright gifts, split interest gifts and bequests.

1. Current gifts. A current gift involves the donor's transfer of money or property to the university, without the receipt of consideration or economic benefit. Although the donor may place restrictions on the use of the property, in order for the donation to qualify as a current gift, the donor must completely relinquish control over the money or property transferred. Examples of current gifts include cash, securities, tangible personal property and some real estate gifts.

2. Split Interest Gifts. A split interest gift is the donor's irrevocable transfer of a partial interest in an asset to the university with the

donor generally retaining either an income stream or the remainder interest. The planned giving program includes the following types of split-interest gifts:

a. Gifts of remainder interest in a personal residence

b. Charitable remainder trusts

3. Charitable Bequests. A charitable bequest is the donor's transfer of money or property to the university at the donor's death, either through the donor's will or trust.

B. GENERAL POLICIES

1. Gift Acceptance Review. The Gift Acceptance Committee shall be relied upon to evaluate certain proposed gifts, and any gifts which do not clearly fall within the Gift Acceptance Policy. The Gift Acceptance Committee shall consist of the vice president of university advancement, the chief financial officer (CFO) and the university president.

2. Donor Privacy. All the university's employees engaged in development activities shall hold in confidence all information obtained from or about donors or prospects. Information about a gift shall not be published without the prior approval of the donor or the donor's designated representative.

3. Accounting Standards. The Office of University Advancement shall follow the standards of accounting and reporting established by the Council for Advancement and Support of Education (CASE) as printed in the CASE Management and Reporting Standards and FASB (Financial Accounting Standards Board).

4. Periodic Policy and Guidelines Review. The Gift Acceptance Committee shall review the policy and guidelines annually and propose amendments as necessary. The development committee of the board of trustees shall review proposed amendments and recommend approval by the board of trustees through board resolution.

5. Gift Processing Procedure. In accepting gifts which clearly fall within the Gift Acceptance Policy, the vice president of university advancement shall endeavor to protect the interests of both the donor and the university. Gifts will be processed according to the Gift Recording and Acknowledgement Procedures on file in the Office of University Advancement.

C. GIFT ACCEPTANCE

1. Authority. The authority to accept or refuse gifts offered to the university shall lie with the Gift Acceptance Committee.
2. Gifts. The university reserves the right not to accept a proposed gift for reasons including, but not limited to:

    a. the gift or gift transaction involves an illegality

    b. the gift or gift transaction in some manner conflicts with the university's policies, mission, priorities or best interests

    c. the benefit of the gift is outweighed by the potential of negative publicity

    d. the gift or gift transaction may inhibit the university from seeking gifts from other donors

    e. the benefit of the gift is insufficient to offset the administrative and academic cost or the legal issues raised in its acceptance

    f. the gift is real property and the expense of handling environmental issues of clean-up and/or continued pollution associated exceed the long-term benefit to the university

    g. any gift whose cost to acquire exceeds or renders negligible the net value of the gift

3. Accepted Gifts. The university reserves the right to decline any gift at its discretion. The following gifts may be accepted by authorized employees as defined in this policy, if the gifts meet the criteria described below.

    a. Current Gifts.

        1) Cash. Cash is accepted in the form of check or credit card. All cash gifts are accepted unless the donor places restrictions on cash gifts that are unacceptable or the gifts are prohibited by criteria above. Cash gifts are accepted at the discretion of the vice president of university advancement.

        2) Tangible Personal Property. Tangible personal property includes art, furniture, coin, stamp and book collections, jewelry, equipment, cars, boats, and other personal property owned by a donor. The university will consider gifts of personal property that are directly related to its

mission, e.g. books, software or art for display, only if a specific school or department agrees to put the gift to use and the university calculates the costs of the gift's use, including maintenance, insurance, taxes and management to be not significant. If these costs are significant the university shall refuse the gift or require the advancement office to identify a source of funding.

3) Gifts of tangible property not directly related to the university's mission will be considered if they can be sold immediately without significant cost or staff resource. Large gifts of value (e.g. an art collection) may be accepted and sold by a specialist to be paid from the proceeds of the sale.

4) Gifts of software must be evaluated and approved by the Enterprise Technology Services (ETS) director before acceptance.

5) Gifts of tangible personal property valued at greater than $5,000 will be reviewed by the Gift Acceptance Committee. All others may be accepted at the discretion of the vice president of university advancement. In reviewing gifts of tangible property greater than $5,000, the Gift Acceptance Committee may ask that donors provide a qualified independent appraisal of the proposed gift. These gifts shall be valued and processed according to the Gift and Acknowledgement Procedures. The university cannot serve as an independent appraiser of tangible property and therefore can not assign a value to a gift of tangible property.

6) Securities.

   a) Publicly Traded Securities. The university may accept publicly traded securities, which are defined as those securities that are readily traded on national or regional stock exchanges. The university shall sell gifted securities as soon as practical. The CFO or designate shall direct the sale of securities in the university brokerage account as soon as the CFO is notified of the receipt of securities in the account. Like all gifts, these securities gifts shall be processed and valued according to the Gift Recording and Acknowledgement Procedures. Gifts of marketable securities are accepted at the discretion of the vice president of university advancement.

   b) Closely Held Securities. These securities, which are not publicly traded and whose values are often

difficult to establish, may be accepted after careful study. An independent appraisal may be required to establish the value of the securities. Prior to acceptance, the donor's corporate counsel must consult with the university's CFO, legal counsel and/or tax advisor to review the face of the stock certificate to determine if the security is subject to transfer restrictions. Also the university's CFO will determine marketability, prospective buyers, absence of prearranged sale agreements, gift value and undesirable tax consequences. Upon acceptance by the CFO, generally speaking, the stock shall be sold and processed according to the Gift and Acknowledgement Procedures.

7) Real Estate. Real estate gifts include both improved and unimproved real property, single family residences, condominiums, apartment buildings, rental property, commercial property, and gifts subject to reserved life estate. Acceptance of real property is considered in light of the university's aims to liquidate such property as soon as possible and avoid carrying costs and extensive liquidation expenses.

Before deciding to accept the potential gift of real estate, the university shall engage a real estate professional to represent the university, make site visits to examine the property, ascertain estimated value and resale potential, and report any potential problems associated with the property. The university may ask the donor to provide a current appraisal of the fair market value of the property.

The university shall obtain from the donor disclosure of any and all mortgages, deeds of trust, restrictions, reservations, easements, liens and other limitations. No gift of real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged except where the fair market value of the university's interest in the property net of all encumbrances is substantial.

The university shall obtain from the donor the existence and amount of any other encumbrances and carrying costs, including but not limited to, property owners' association dues, any other membership dues and transfer charges, taxes, and insurance.

The university shall obtain from the donor copies of any title information in possession, e.g. the most recent survey of the property, a title insurance policy and /or an attorney's title opinion.

At its expense, the university shall have conducted a Phase One Environmental Audit on the potential gift property to rule out any hazards that, if discovered, would require the university to reject the potential real estate gift.

Based on the information obtained from the donor, the site visit and the environmental audit, the Gift Acceptance Committee should consider the following issues when deciding whether to accept the potential gift: estimated value of the real estate, likelihood of selling the property, whether the property is mortgaged and the amount of the mortgage(s); restrictions, easements or other limitations associated with the property; carrying costs, such as insurance, property taxes, mortgages, or notes, etc. associated with the property; the relationship of the donor to the university; and the cost of environmental remediation.

After provisional acceptance of the potential real estate gift to the university, but before the transfer of the property to the university, all terms shall be reviewed by the university's legal counsel and clearly set out in a letter of understanding provided by the university to the prospective donor for signature. The letter of understanding shall detail all actions and responsibilities agreed to by all parties. The donor will be advised to review all proposed gifts and agreements with his or her personal legal counsel prior to committing the potential gift. Once the signed letter of understanding is received by the university, the Gift Acceptance Committee shall recommend review and approval by the development and the finance committees of the board of trustees through board resolution.

8) Life Insurance. Gifts of term life insurance that require the university to accept donor's premium payments as gifts and send them to the life insurance company, generally, shall not be accepted. Generally speaking, gifts of whole life policies with premiums due may be accepted and if accepted shall be converted or exchanged for their cash values. A minimum gift of $5,000 is required.

b. Deferred and Split Interest Gifts. A split-interest gift involves the irrevocable transfer of an interest in an asset to the charity in which the donor retains either an income stream or the remainder interest.

1) Life Income Gifts. Life income gifts are gifts in which the donor receives income from his or her gift.

a) Charitable Gift Annuities (CGA). A charitable gift annuity is a lifetime contract between a charity and a donor. The donor makes a gift to the charity and receives a fixed amount of income over the donor's lifetime, and, if included in the gift instrument, for another beneficiary's lifetime. Upon death of the last beneficiary, the charity will receive the remainder. The university does not currently offer a CGA program. Donors wishing to participate in such a program will be referred to a local provider and encouraged to name the university as a beneficiary of his or her CGA.

b) Charitable Remainder Trusts. A charitable reminder trust is a flexible arrangement which involves an irrevocable contribution of stock or property that is placed in a trust. The trust can be created either during the donor's life or at the donor's death through language contained in the donor's will. The trust can be created for a predetermined number of years, not to exceed 20 years, or for the lives of the named non-charitable beneficiaries. At least one beneficiary must be non-charitable. The trust income (not less than five percent of the value of the trust assets) will be paid to the donor and/or other designated beneficiaries on an annual, quarterly, or semi-annual basis. The trust remainder will be distributed to the charity on the terms below. The trust may be funded with contributions of cash, securities or real property. Encumbered property, such as mortgaged real estate, is generally unsuitable as an asset to be transferred to a charitable remainder trust. A charitable remainder trust must meet the 10 percent charitable remainder rule.

There are two types of charitable remainder trusts:

- Unitrust. A unitrust pays a fixed percentage of trust assets (not less than five percent) at least annually.

- Annuity Trust. An annuity trust pays a fixed annuity and requires that a sum certain (not less than five percent of the initial fair market value of the trust assets) be paid at least annually to the named income beneficiary or beneficiaries.

2) University Trusteeship of Charitable Remainder Trusts. The university may agree to serve as trustee of a charitable remainder trust. Legal counsel shall be consulted. Trusteeship must be approved by the Gift Acceptance Committee and the development and finance committees of the board by resolution for vote by the board of trustees.

After acceptance of trusteeship of the charitable remainder trust but before the trust is established and the transfer of the gift is made, all terms shall be reviewed by the university's legal counsel and clearly set out in a letter of understanding provided by the university to the prospective donor for signature. The letter of understanding shall detail all actions and responsibilities agreed to by all parties. The donor will be advised to review all proposed gifts and agreements with his or her personal legal counsel in advance of making the gift.

In order for the university to serve as trustee of a charitable remainder trust, the donor must designate the university the irrevocable beneficiary of the remainder in its totality, or by at least 51 percent. In the latter case, the university will distribute the minority remainder to the charity designated. The university shall not charge an administrative fee for serving as trustee. Asset management and annual tax preparation fees shall be charged to the trust.

The minimum trust assets required to establish a charitable remainder trust is $100,000. A donor may not make additional gifts to a charitable remainder annuity trust, but may make additional gifts to a charitable remainder unitrust. Additional gifts to a unitrust must be at least $10,000. The minimum age requirement for a beneficiary and the maximum number of beneficiaries will be determined on a case-by-case basis. A minimum

payout rate of five percent is required and a maximum of eight percent is recommended. A higher payout rate may be accepted if the size of the gift is substantial and the age of the donor or term of the trust warrants it.
The charitable remainder trust may be funded by securities, cash or real property. Mortgaged property will not be accepted to fund a charitable remainder trust. As trustee, the university may invest the trust assets with the investment manager retained for the university's investments, thereby obtaining favorable investment management fees. The trustee will execute the terms of the trust including regular payouts and reports to beneficiaries, preparation of annual tax returns and distributions to charitable remainder beneficiaries.

c. Testamentary charitable gifts (charitable bequests). A testamentary charitable gift or bequest is a gift made to the university named in the donor's will or trust and is payable according to the terms in the document. Bequests may provide for a specific dollar amount in cash, specific securities, or specific articles of tangible property. A gift in any amount may be accepted as contribution to an existing fund so long as the terms and conditions of the existing fund so permit. A gift may establish a new endowed fund if the bequest language indicates the donor's intent to create a perpetual fund and the gift is a minimum of $100,000. Exceptions may be approved by the Gift Acceptance Committee.

   Sample bequest language:

   For a specific bequest: "I hereby bequeath $___ from my estate to Golden Gate University, a California not-for-profit corporation, San Francisco, California, for its general purposes."

   For a remainder gift: "I bequeath all (or __%) of the rest, resident and remainder of my estate to Golden Gate University, a California not-for-profit corporation, San Francisco, California, for its general purposes."

   The university shall advise donors to describe the purposes of their gifts in the broadest terms and to avoid detailed limitations and restrictions. The university must have the flexibility to use the funds in the best interest of the university as the needs, policies and circumstances of the university change in the future and in accord with the interests and specifications of the donor. Because conditions do change over time, gifts of endowed funds shall contain language similar to the following contingency clause:

"If my estate distribution does not meet the minimum amount required by Golden Gate University at the time of my death to establish a named endowed fund, then my gift shall instead be added to the general endowment to support (e.g., campus priorities, scholarships, faculty support) at Golden Gate University.

In making this gift it is my intention to serve Golden Gate University and its students, and I desire that the foregoing statement of purpose be liberally construed so that this objective may be fully accomplished. If any time in the judgment of the President of Golden Gate University, changed circumstances substantially interfere with the beneficial realization of such purposes, then the funds may be used for such other similar purposes as the President in his/her discretion determines to be consistent with my interests and intentions."

Retirement Plan Beneficiary Designations. Donors to the university are encouraged to name the university as beneficiary of their retirement plans and life insurance policies. Donors are encouraged to work with the advancement professionals to name the university properly.

D. REPORTING REQUIREMENTS

The university shall comply with reporting obligations both to the donors and to the Internal Revenue Service (the "IRS").

1. Except as provided in the instructions to Form 8283, the university shall routinely send the donor of a gift over $5,000 a Form 8283, which the donor attaches to his or her tax return in the year the donor makes a gift of non-cash property over $5,000 to a charity.

2. The university shall comply with the IRS requirement that charities file Form 8282 with the IRS if it sells, exchanges, or otherwise disposes of property within three (3) years of the date the donor originally contributed the property. The office of the CFO will file Form 8282 with the IRS on or before the 125th day after the university sells, exchanges, or otherwise disposes of donated property. The university shall not comply with a donor's request to delay the sale or liquidation of property solely for the purpose of avoiding the filing of Form 8282.

3. Acknowledgement of Gifts. The Advancement Office will provide written acknowledgement to donors who make charitable contributions of any size, except for merchandize donated for student auction events. The gift acknowledgement shall make a good faith estimate of the value of any goods or services provided by the university, if any, in exchange for a gift. If no goods or services were

exchanged, the acknowledgement will state that. The gift acknowledgement will describe any personal property the donor donates, but not its value.

E. ETHICAL STANDARDS

The university shall adhere to the Model Standards of Practice for the Charitable Planner published by the National Committee on Planned Giving. Further the university shall follow the guidelines published by the Council for the Advancement and Support of Education (CASE).

F. GIFT ACCEPTANCE COMMITTEE

The Gift Acceptance Committee shall review proposed gifts that are not defined in the gift acceptance policy or that have special circumstances. The Gift Acceptance Committee is authorized to make exceptions to the policy under certain circumstances. Although exceptions are expected to be rare, the gift acceptance policy provides a review process for deviation under special circumstances. Any deviation shall be well-supported, reasoned and documented. The committee shall make timely decisions regarding proposed gifts.

The Gift Acceptance Committee shall employ outside legal counsel as needed.

G. GIFTING CONDUITS

1. Annual Operating Gifts. This is an ongoing fundraising endeavor that raises current gifts to support the university's operating expenses such as financial aid, maintenance of the physical plant, and academic resources during the current year. The various means through which annual operating gifts are raised, channeled and administered shall be detailed in Gift Processing Procedures.

2. Capital Campaign Gifts. This is an intensive fundraising endeavor typically of a defined purpose and duration designed to facilitate identified projects or objectives through the attainment of predetermined financial goals. Contributions to capital campaigns may be earmarked for the identified project or goal, e.g. endowments, facility construction or renovation, and equipment acquisition. The various means through which capital campaign gifts are raised, channeled and measured shall be detailed in Gift Processing Procedures.

3. Future Gifts. This is an ongoing fundraising endeavor designed to facilitate gifts of a deferred nature, which will enhance the long-term vision and strategy of the university through future benefits. The

various means through which future gifts are raised, channeled and measured shall be detailed in Gift Processing Procedures.

H. GIVING OPPORTUNITIES

1. Restricted and Unrestricted Gifts. The university shall endeavor to match donor interest and the university's need by making both unrestricted and restricted giving opportunities available in all gift types.

2. Non-Endowed Gifts. Individual gifts of less than $100,000 shall typically be added to the general investments (quasi-endowment) of the university, and earnings may be utilized at the discretion of the university.

   a. Unrestricted is available for use at the university's discretion.

   b. Restricted is designed for a specific school, department, or purpose.

3. Endowed Gifts. The university's endowment is composed of a portfolio of true (perpetual) endowed funds, established through gifts and named in perpetuity as well as quasi endowed funds established by the board of trustees. Treatment of earnings on perpetual endowments is in accordance with the donor gift instrument that established a particular fund. Annual endowment spending is determined using the university's Investment Policy Statement with amounts approved annually by the board of trustees. Such terms specified by the donor or trustees provide for the use of earnings from the fund for either general or specific purposes.

   a. Unrestricted Quasi-Endowment Funds – gifts donated for the general use of the university, allowing the university flexibility in allocation. The board of trustees may by resolution place any unrestricted gift determined not to be needed to support current operations, or a portion of any annual operating surplus, in the endowment fund.

   b. Permanently Restricted (True) Endowment Funds – created by gifts donated for a school, program, or purpose specified by the donor in the gift instrument. A minimum gift of $100,000 is required. The development and finance committee shall review new endowments and recommend approval to the board of trustees through resolution.