

GIFT ACCEPTANCE POLICY

For

College of Southern Maryland Foundation

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INTRODUCTION

The College of Southern Maryland Foundation welcomes gifts for its use in support of the college and its programs. In order to protect the interests of the College and the Foundation and the persons and entities who support both, this Gift Acceptance Policy is designed to assure that all gifts for the college through the Foundation are structured to provide maximum benefits to all parties.

A goal of the Foundation is to encourage giving without encumbering the College or the Foundation with gifts that may prove to generate more cost than benefit or are restricted in a manner that is not in keeping with the goals of the College or the Foundation.

All gifts to the Foundation shall be subject to a determination as to whether the donor has sufficient title to the gift assets and is mentally competent to legally transfer the gift assets to the Foundation.

The Foundation is guided by The Code of Ethical Principles and Standards of the Association of Professional Fundraisers adopted in 1964, amended September 2007; The Standards for Annual Giving and Campaigns in Educational Fund Raising, third edition; the Guidelines for Reporting and Counting Charitable Gifts as outlined by the National Committee on Planned Giving, second edition; and the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) (Maryland §§ 15-401 to 15-410) as the primary law governing the oversight and management of donor-restricted endowment funds.

HONORS AND COMMEMERATIVE RECOGNITION

1. *Naming Opportunities* – The naming of a place or structure at the college can assist the college in attaining its goals while creating a permanent acknowledgment of a person’s value to family, friends or the community. There is a wide range of opportunity available for such recognition from the purchase of a brick to the giving of a major gift that would warrant the naming of a building or a space within a building. The naming of a building or space will require the approval of the College Board of Trustees in advance of the drafting of a Memorandum of Understanding as per the Board of Trustee policy FCL: 903. The naming of an endowment fund in perpetuity requires a minimum gift of \$15,000. Maintenance – In establishing the level of gift required by a major donor for a college building or space, consideration should be given to the creation of a specific maintenance endowment for the purpose of keeping the named gift in presentable condition.
2. *Gifts Other Than Cash* – Deferred life income funds, real property, personal property, etc., shall not be considered to have fulfilled commitments necessary for the naming of major facilities until 50% of the financial obligation is received.

MEMORANDUM OF UNDERSTANDING

- Failure to complete the full financial commitment may result in the naming agreement being voided.
- A memorandum of understanding shall be signed with the donor prior to the Foundation taking legal title to or physical possession of any non-cash gift. The Executive Committee should approve beforehand or ratify after the fact the memorandum of understanding.
- A memorandum of understanding shall be entered into between the donor and the Foundation under all circumstances in which consideration is being given back to the donor.

FINDERS FEES AND COMMISSIONS

In general, the Foundation will pay no fee to any person as consideration for directing a gift to the Foundation.

PROFESSIONAL FEES

1. *Professional Services* – The Foundation requires that the donor obtain any professional services required in connection with the completion of a gift to the Foundation.
2. *Foundation Assistance* – Information provided to a donor by a Foundation or College employee, Foundation Director or volunteer is given without cost to the donor. Advisors retained by the Foundation to prepare documents or render advice are acting only on behalf of the Foundation. The donor should seek independent professional advice in all matters concerning a gift to the Foundation.
3. *Fees* – With prior approval of the Executive Committee, fees or a portion thereof directly related to the completion of a gift, may be paid under the following:
 - Appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest;
 - Environmental impact studies where deemed necessary by the Executive Committee;
 - Legal fees for the preparation of documents;
 - Accounting fees incident to the transaction; and
 - Fees of “fee for service” financial planners.

In the case of financial planners, such persons must have in writing that they are compensated on through fees for services rendered and that they are not compensated for the sale of products to clients. The distinction is vital in avoiding the payment of commissions, which could be considered as triggering securities regulation.

4. *Confidentiality* – All information concerning prospective donors, not considered public record, shall be confidential. No information shall be released to the general public or to employees of the College who do not have a need to know without securing the prior permission of the donor.

CONFLICT OF INTEREST

Any member of the Foundation Board of Directors, including any person employed as a consultant or empowered by the Foundation Board of Directors to act on its behalf, shall avoid any conflict, real or implied, between personal interests and the interest of the Foundation.

Any Foundation Director who might reasonably be expected to derive material benefit, directly or indirectly, from any contract or other transaction pertaining to the maintenance or conduct of Foundation or College business shall promptly so declare in writing to the Foundation Chairperson. This policy is not intended to exclude Directors of the Foundation from having business relationships with the College of Southern Maryland Foundation or College on exactly the same basis as other individuals or organizations.

- Disclosure – A Director of the Foundation may opt to render professional advice to a donor on a “fee for services” basis. Under such circumstances, the donor and Director must sign a Disclosure of a Waiver of Conflict of Interest Letter and place it on file in the Foundation.

OUTRIGHT GIFTS

An outright gift involves the transfer of money or property to the Foundation by a donor without receipt of consideration or economic benefit. The donor must retain no control over the money or property transferred to the Foundation to qualify as an outright gift, although the donor may place certain limited restrictions on the use of the gift.

1. Cash – Gifts of cash shall be accepted regardless of the amount. Cash gifts include credit card commitments, checks, check drafts and payroll deduction arrangements. Cash gifts may be restricted to an area of interest of the donor’s (see “Gift Restriction”). Checks should be made payable to the College of Southern Maryland Foundation.
2. Non-Cash Gift Acceptance – Gifts other than cash or cash equivalents must be accepted prior to approval or after the fact by the Executive Committee of the Foundation and recorded in the appropriate corporate record.
3. Gift Appraisal and Valuation – Directors of the Foundation or employees of the college or Foundation shall not verify the value of a gift other than cash or cash equivalents for tax deduction purposes.
4. Qualified Appraisals – Qualified appraisals are required for contributions of property other than money and publicly traded securities if the aggregate reported value of the item of property exceeds \$5,000.

In the case of non-publicly traded stock, a qualified appraisal must be obtained if the value exceeds \$10,000, although for gifts greater than \$5,000 a donor must attach a partially completed appraisal summary form to his or her tax return.

5. Reporting Requirements – The Foundation, as a charitable organization, must report the sale of donated property to the IRS on Treasury Form 8282 within two years of the contribution date. Dispositions after two years need not be reported. Form 8282 must be filed on or before the 125th day after a donee charity sells, exchanges or otherwise disposes of charitable deduction property. The information on Form 8282 includes the name, address, and employer identification number of both the donee charity and the donor, a description of the property, the disposition date and the amount the charity received.
6. Donor Substantiation – The Foundation shall provide a donor with written acknowledgment of all cash gifts. The gift substantiation should describe a good faith estimate of goods and services, if any, provided by the Foundation in exchange for the gift and describe (not value) any property on non-cash gift that is donated.
7. Matching Gifts – The total matching gift shall be credited to both the company and the employee (e.g. to “Joe Smith and the ACME Corporation”). Substantiation of the actual share of the gift shall be sent to both donors.

PUBLICLY TRADED SECURITIES

Securities that are traded on the New York Stock Exchange, American Stock Exchange, or NASDAQ and other readily marketable securities may be accepted by the Foundation. Securities accepted by the Foundation may be sold unless it is recommended by the Investment Committee to hold the securities as investments of the organization.

CLOSELY HELD SECURITIES

1. Acceptance – Non-publicly traded securities will be accepted upon prior approval of the Investment Committee and the Executive Committee, which has reviewed the prospective donation concerning partnerships, etc.
 2. Selling – Such securities may be sold with the prior recommendation of the Investment Committee.
 3. Repurchase – In keeping with relevant rulings and court determinations, in order to assure appropriate tax benefits for contributors of non-publicly traded securities, no commitment shall be made for the repurchase of such securities prior to the completion of a gift of such securities.
- Real Property – Gifts or real estate require special acceptance procedures. All forms of real estate will be considered by the Foundation, including, but not limited to, improved and unimproved land, single family dwellings, apartment buildings, condominiums, office buildings, farms, leasehold interests and gifts subject to a retained life estate. Inasmuch as gifts of real estate can be costly to maintain, the Investment Committee will make a thorough review of the gift to ensure compliance with criteria stated below:
 1. Market Value/Marketability – The donor must provide a current certified appraisal of the property and the value of the interest in the property the Foundation will receive if the gift is approved.
 2. Environmental Report – A Phase I environmental audit must be performed on all gifts of real property. The Executive Committee may waive this requirement for certain residential or commercial properties when the donor certifies that he is not aware of any hazardous substances on the donated property.
 3. Encumbrances/Restrictions – All mortgages, deeds of trust, restriction, reservations, easements, mechanic liens and other limitations must be disclosed by the donor.
 4. Carrying Costs – All carrying costs including, but not limited to, taxes, insurance, association dues, membership fees and transfer charges must be disclosed by the donor.
 5. Title Information – The donor must provide the Foundation with a title insurance policy.
 6. Life Income – Real estate shall not be accepted to fund a life income gift without seeking an opinion as to the permissibility of this action under federal tax laws and the laws of the state.

TANGIBLE PERSONAL PROPERTY

1. Fair Market Value – Jewelry, artwork, collections and other personal property having a fair market value in excess of \$5,000 will be considered for acceptance by the Investment Committee of the Foundation. The committee may determine to retain the property or dispose of it.
2. Length of Obligation – No personal property shall be accepted that obligates the Foundation to ownership in perpetuity.

PLANNED GIFTS

A planned gift may be an irrevocable transfer of property or a revocable transfer of property. An irrevocable transfer of property to the Foundation with the Foundation receiving an immediate gift of an interest in the donated property, but the enjoyment of which gift may be deferred to a future time, is called a deferred gift. A revocable gift is simply a transfer of property to occur in the future but may be revoked by the donor.

- Bequests
 1. Wills – Gifts through wills shall be actively encouraged by the Foundation.
 2. Acceptance Policy – The Foundation shall attempt to identify a bequest in advance in order to permit the donor and the Foundation to work together in order to conform to the gift acceptance policies. When identified, such bequests may be brought to the attention of the Executive Committee.
 3. Deceased Donors – Gifts from the estates of deceased donors shall be accepted subject to the provisions and policies stated herein. The Foundation shall expeditiously communicate the terms of applicable policies to the legal representatives of the estate.

CHARITABLE REMAINDER TRUSTS

The Foundation encourages donors to establish a trust for the benefit of college programs. A description of the many forms of trust, their advantages and disadvantages, is available to the donor from the Foundation office.

1. Trustee Limitations – No member of the Foundation will serve as trustee of a charitable remainder trust of which the Foundation is also the beneficiary. If necessary, the Foundation may assist in the selection of an independent trustee.
2. Fees – The fees for management of a charitable remainder trust will only be paid upon prior approval of the Executive Committee of the Foundation.
3. Trust Performance – The Foundation will make no representations to performance of trust assets or the manner in which charitable remainder trust assets will be managed or invested by any corporate fiduciary who may be recommended by the Foundation or its employees.
4. Trust Limitations – No charitable remainder trust that identifies an income beneficiary under the age of sixty years or which identifies more than two income beneficiaries shall be accepted without the approval of the Executive Committee. No charitable remainder trust will be accepted where the net present value of the remainder interest is less than fifty percent.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity is a contractual arrangement between the donor and the Foundation. The donor transfers money or property to the Foundation in exchange for a promise to receive an annuity for a specific period of time. Donors interested in this simple form of gift should seek the advice of their attorney. The Executive Committee shall approve the acceptance of any proposed gift annuity at the next regularly scheduled Executive Committee.

1. Limitations – Gift annuities shall be accepted with persons sixty-five years of age or older for a maximum of two lives.
2. Minimum – The minimum contribution for a gift annuity shall be \$25,000.

GIFTS OF REMAINDER INTEREST IN PERSONAL RESIDENCE OR FARM

A donor may find considerable tax advantages by making a gift of his personal residence or farm while retaining full use and rights to the property during his lifetime. In order to receive the charitable income gift and estate deductions, the transfer must not be in trust and must be irrevocable.

- Applicable Policy – Upon notification of a donor’s intention to leave the remainder interest in a parcel of real property to the Foundation, the donor shall be notified of the provisions of “Closely Held Securities” in this policy.

GIFTS OF LIFE INSURANCE

A donor may make a revocable gift of life insurance by naming the Foundation as beneficiary. A donor may also buy a special policy for the benefit of the Foundation that is irrevocable and may provide an income tax deduction for premiums paid and an estate deduction for the proceeds paid.

1. Foundation as Beneficiary – Donors should be encouraged to name the Foundation as the exclusive beneficiary for life insurance policies that have been purchased on their lives. The Foundation will also accept the naming of the Foundation as a partial interest beneficiary of life insurance policies.
2. Purchase of Life Insurance – The Foundation will not accept gifts from donors for the purchase of life insurance on the donor’s life.

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