Henderson State University Foundation
Gift Acceptance Policy

I. Purpose

A. This Gift Acceptance Policy (the "Policy") has been adopted by the Henderson State University Foundation (the "Foundation") to (i) outline procedures for analyzing and accepting charitable gifts to the Foundation for the benefit of Henderson State University (the "University"); and (ii) delegate the authority to accept such gifts to the appropriate Foundation Board Committees or staff. The procedures in this Policy shall be interpreted in light of two overriding principles:

   Principle 1: A gift shall not be accepted by the Foundation without prior consultation of the department, unit or program benefiting from the gift and unless it is compatible with the mission of the University and its programs.

   Principle 2: The Foundation shall encourage all donors to consult with their own independent advisors when appropriate, particularly in situations involving planned gifts or large gifts.

B. While this document is intended to provide guidance to the Foundation staff regarding acceptance of gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent legal and/or tax counsel at his/her own cost and the Foundation staff shall take appropriate steps to so notify prospective donors. The Foundation shall not give legal, accounting, tax or other advice to prospective donors.

II. Gift Acceptance

This policy statement is designed to ensure that all gifts to, or for the use of, Henderson State University are structured to provide maximum benefits for both the donor and HSU. All gifts to the University via the Foundation shall be evaluated within the following guiding principles:

- The Foundation does not provide legal, accounting, tax or other such advice to donors. Each donor is ultimately responsible for ensuring that their proposed gifts meet their charitable, financial and estate planning goals. As such, each donor is encouraged to meet with a professional advisor before making any gift.
- The Foundation will not pay fees incurred by donors for professional services in connection with the completion of a gift to the Foundation, such as legal, appraisal and survey fees. The Foundation may pay for its

own legal, investment, financial planning and accounting advice as it deems necessary.

- Gifts shall not be accepted that violate Internal Revenue Service regulations governing the acceptance of tax-deductible donations. If questions arise as to the deductibility of a gift, it should be referred to the Gift Acceptance Subcommittee for review.
- In certain unique cases, a gift may be considered inappropriate due to particular restrictions imposed by the donor. By its very definition, a gift cannot be associated with a private benefit that would jeopardize the charitable contribution deduction under IRC section 170 if the donor and beneficiary of the restriction have less than an arms-length relationship. There must be a distance between the donor and recipient such that the recipient does not receive benefits that are otherwise not available to colleagues of similar status and interest. For example, in the capacity of donor, an individual cannot subsidize his/her own salary, travel funds or fringe benefits.
- A gift shall not be accepted by the Foundation unless there is a reasonable expectation that acceptance of the gift will support the University in its mission.
- In accepting a gift, the Foundation also accepts the responsibility to the donor to steward the gift properly. This stewardship responsibility includes administering the gift properly, providing the donor with accurate and timely financial information about the gift and, when appropriate, reporting to the donor about the use of the gift.

If there is any question as to whether a proposed restricted gift might conflict with the above guidelines, the gift proposal should be presented to and approved by the Gift Acceptance Committee prior to receiving the gift.

III. Types of Gifts

A gift is an irrevocable charitable contribution to the Foundation for the benefit of the University, which is intended as a donation, bestowed voluntarily and without expectation of tangible compensation and for which no contractual requirements are imposed. Gifts usually take the form of cash, checks, securities, real property or personal property and may be made outright, via pledges or planned gifts.

A. Outright Gifts

Cash and Cash Equivalents. Cash gifts may take the form of currency, check, credit card contribution, or wire transfers. All gifts of cash or cash equivalents without significant donor restrictions may be accepted by appropriate Foundation staff as determined by the Executive Director of the Foundation.

Restricted gifts of cash or cash equivalents will require written documentation of the restriction.

Checks should be made payable to the HSU Foundation**.** The Foundation may accept checks that are payable to Henderson State University when such checks are clearly intended as charitable gifts.

The following credit cards are accepted by the Foundation (Discover Card, Visa, MasterCard, American Express). Any bank fees from a credit card transaction will be charged directly to the donor's account the following month. Credit card payments are also accepted through the University's online giving page.

Gifts in Kind. Gifts-in-kind are noncash donations of materials, services, etc. Gifts in kind might include such items as equipment, software, printed materials, food or other items used for hosting events. Gifts-in-kind for which donors are eligible for a charitable gift deduction in accordance with current IRS regulations should be reported at the fair market value placed on them by an independent, expert appraiser. The University must agree to use the in-kind materials before the Foundation accepts the gift.

If the Foundation believes that the non-cash gift has a value of five thousand dollars ($5,000.00) or more, then the donor, at his/her sole cost and expense, must provide the Foundation an appraisal by an Independent Qualified Appraiser as defined by the Internal Revenue Code.

Personal Property. The Foundation may consider gifts of personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, computer hardware and software only after a review by Foundation staff indicates that the property is either readily marketable and free and clear of liens and encumbrances or needed by the University for use in a manner which is related to education, research or a combination thereof.

It is the policy of the Foundation to sell or otherwise dispose of all gifts of personal property, unless the items can be used by the University or Foundation in a manner related to education and/or research. The Foundation's intention to either resell the property or to retain and use it to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

Real Property. Real property includes improved or unimproved land, personal residences, farmland, commercial property, bargain sales of real property, conservation easements, rental property, mineral interests, and time shares. It is the Foundation's intent to dispose of all gifts of real estate as expeditiously as possible. This intent will be communicated to donors when the Foundation receives notification of the donor's intent to gift real property. If a gift of real property is for property that will be utilized by the University in its programs, then such gift shall be transferred to the University.

No gift of real property shall be accepted by the Foundation without the approval of the Gift Acceptance Subcommittee. The Gift Acceptance Subcommittee will review and may approve the acceptance of a gift of real property only after a thorough examination of the criteria listed below:

1. Market Value and Marketability. The Foundation must receive a current appraisal (not older than 60 days) of the fair market value of the property and interest in the property the Foundation would receive if the proposed gift were approved. The appraisal shall be done in accordance with Internal Revenue Service ("IRS") requirements and should be performed by Member Appraisal Institute ("MAI"), Senior Residential Appraiser ("SRA"), or Senior Real Property Appraiser ("SRPA") at the donor's expense. The appraisal and other information must demonstrate clearly and convincingly that there is a market for the property under consideration and that the property can be sold within a reasonable period of time. Generally, a representative of the Foundation will physically view and evaluate the property. In consideration of the value placed on the property by the donor's appraisal, the Foundation will attempt to sell at a reasonable price in light of current market conditions.

2. Environmental Risks. An environmental assessment will be made for all gifts of real estate. The appropriate level of assessment will be determined based on the review of each individual property. (i.e. Phase I, Phase II, Phase III, or none if the property is highly unlikely to carry environmental risks.) In some cases, an additional environmental indemnity agreement may be required.

3. Limitations, Encumbrances and Title. The donor must disclose the existence of mortgages, deeds of trust, restrictions, reservations, easements, liens of any type or other limitations on title as well as current zoning and provide income statements where appropriate. Encumbrances must be removed prior to the acceptance of the gift of real estate except in very unusual circumstances approved by the Gift Acceptance Subcommittee and where the Foundation's equity in the real estate will substantially exceed the encumbrances. The Foundation may consider obtaining a survey. Prior to acceptance, title insurance must be obtained for the property. The Foundation will also consider whether there are any requirements for compliance with the Americans with Disability Act.

4. Carrying Costs. The existence and amount of any carrying costs, such as property owner's association dues, maintenance fees, taxes and property and liability insurance, must also be considered.

5. The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance document to the Foundation. The costs associated with the conveyance and delivery of the gift, including, but not limited to, recording fees, a current survey, title insurance and/or an attorney's title opinion, will generally be paid by the donor. If necessary, these costs will be reimbursed through the net proceeds of the sale.

Securities. Publicly Traded Securities (stocks, bonds and mutual funds) traded on major U.S. and foreign exchanges may be accepted by Foundation staff as determined by the Executive Director of the Foundation unless the gift is restricted. Generally, the Foundation will immediately sell this type of security.

Closely Held Securities. The Foundation shall examine any issue that is not publicly traded prior to its acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. The Gift Acceptance Subcommittee must approve gifts of non-publicly held securities prior to acceptance.

B. Pledges

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. All pledges shall be in writing.

Necessary Information. The following minimum information must exist to substantiate a pledge:

- The amount of the pledge must be clearly specified.
- There must be a clearly defined payment schedule.
- The donor may not proscribe contingencies or conditions.
- The donor must be considered financially capable of making the gift.
- Changes to original pledges must be documented in writing.

C. Planned Gifts

Charitable Bequests. Donors can make charitable bequests to the Foundation in wills or living trusts. A bequest of cash or publicly traded securities is always acceptable. A bequest of closely held securities, real estate, tangible personal property, or other assets must be approved or declined by Foundation as described in this Policy.

Beneficiary Designations. Donors can name the Foundation as a beneficiary of certain types of “beneficiary designation” assets. Some examples of accepted assets are a donor’s life insurance policies and qualified retirement plans, such as 401(k) plans, 403(b) plans and Individual Retirement Arrangements (IRAs).

Charitable Gift Annuities. A charitable gift annuity is a contract between the Foundation and the donor, whereby the donor makes an initial transfer of cash or publicly traded securities to the Foundation and the Foundation agrees to pay the annuitant a fixed amount for the rest of his/her lifetime. The Foundation offers the gift annuity rates recommended by the American Council on Gift Annuities.

- Gift annuities will not be offered to non-Arkansas residents without review by legal counsel to the Foundation.
- The Foundation will accept current gift annuities, as well as deferred payment gift annuities. The deferral period will be discussed between the Foundation and the donor.
- Gift annuity agreements are for one life or two lives in being at the time of the gift.
    - The minimum age for an immediate payout is 55.
    - A deferred payout cannot begin until age 55.
- The minimum acceptable for an unrestricted contribution for payout shall be the proscribed IRA maximum contribution limits.
    - Effective from 2017, the maximum IRA contribution limit is $5,500. For those 50 years or older, the maximum IRA contribution limit is $6,500.
- The minimum acceptable for a restricted contribution shall be $25,000.
- If the contribution for the gift annuity is anything other than cash real estate, or publicly traded securities, the Gift Acceptance Subcommittee must approve the annuity before it is accepted by the Foundation.
- Gifts of real estate will be accepted only to fund deferred payout charitable gift annuities. As noted previously, the Gift Acceptance Subcommittee must approve all real estate gifts.

Charitable Remainder Trusts. Charitable remainder trusts shall be created by the donor and the donor’s legal counsel, in consultation with the Foundation’s Gift Acceptance Subcommittee. Generally, the Foundation shall not serve as trustee of any charitable remainder trust.

The Foundation may in some cases be trustee of a charitable remainder trust. The amount of the gift must be at least $50,000; the Foundation must be 100% beneficiary of the remainder interest; and the gift must be irrevocably designated for the benefit of the Foundation. Any beneficiary intent of less than 100% must be approved by the President, Chief Financial Officer, the Chairpersons of the Gift Acceptance Subcommittee and Finance & Investment and the Executive committees.

The Foundation may serve as trustee for charitable remainder trusts that comply with the requirements above, and upon the approval of the President, Chief Financial Officer, the Chairpersons of the Gift Acceptance Subcommittee and Finance & Investment and the Executive committees.

Charitable Lead Trusts. Charitable lead trusts shall be created by the donor and the donor's attorney, in consultation with the Foundation's Gift Acceptance subcommittee. The Foundation shall generally not serve as trustee of any charitable lead trust.

Any exceptions require the approval of the President, Chief Financial Officer, the Chairpersons of the Gift Acceptance Subcommittee and Finance & Investment and the Executive committees.

Gifts of Life Insurance. The Foundation can receive two types of life insurance gifts.

1. Beneficiary Designation: If the Foundation is named beneficiary of a life insurance policy (and does not own the policy), review of the gift is not required.

2. Outright: If the Foundation receives a gift of insurance and the Foundation is beneficiary and owner; the gift must be reviewed by the Foundation Executive Director.

Retained Life Estates. Donors can receive a charitable income tax deduction by making a gift to the Foundation of their home, vacation home, or farm while retaining full use and rights to the property during their lifetime. (The donor retains a "life estate" and the Foundation receives the "remainder interest".) The gift is created by transferring a deed to the Foundation.
Donors must provide written documentation to the Foundation to clarify the responsibility for maintenance, taxes, insurance, and other issues. All the normal review and gift acceptance procedures for gifts of real estate apply to gifts of life estate/remainder interest deeds.

IV. Review and Amendment of this Policy

The Board of Directors of the Foundation, with the assistance of the Executive Director, is responsible for formulating, implementing and amending this Policy. The Executive Committee shall exercise the authority, oversight and responsibilities specified in this Policy. The Gift Acceptance Subcommittee shall review and recommend to the Executive Committee the approval of the real estate and deferred gift portion of this Policy. The Foundation Executive Director, or a member of the Executive Committee, shall report to the Foundation Board of Directors as needed. Responsibility for review of and recommendations regarding amendments to the Policy shall be that of the Executive Committee. To amend the Policy, a written amendment shall be prepared by the Executive Committee and submitted to the Foundation Board of Directors for review and approval.

Additionally, the Executive Director shall have the authority to amend the Policy to comply with law whenever it becomes inconsistent with the Internal Revenue Code (the “Code”), the Treasury Regulations promulgated thereunder, or other applicable state or federal laws. The Executive Director shall provide a written report to the Executive Committee explaining the reason for any change to this Policy. The Executive Director shall also submit any changes or amendments for approval at the next meeting of the Board of Directors. All such changes made by the Executive Director are subject to the power of the Board of Trustees to accept or modify such amendments.