

CSUB FOUNDATION

Gift Acceptance Policy Statement

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INTRODUCTION

The California State University, Bakersfield Foundation (Foundation) is a California nonprofit public benefit, tax-exempt corporation, that was formed and operates as an auxiliary organization of California State University, Bakersfield (CSUB). The specific purposes of the Foundation are to promote and assist CSUB to receive gifts, property, and funds to be used exclusively for the benefit of CSUB students, faculty, programs and facilities.

The Foundation encourages the solicitation and acceptance of gifts that will help the Foundation in the furtherance of its mission to foster private financial support for CSUB. This Gift Acceptance Policy shall apply to all gifts received by the Foundation (and, where applicable, to CSUB) for any of its programs or services.

The Board of Directors of the Foundation and CSUB staff, in particular the Division of University Advancement, solicit current and deferred gifts from individuals, corporations, foundations and other private entities to secure the financial growth and fulfill the mission of CSUB. The purpose of these policies and guidelines is to define the practices and policies governing the acceptance of gifts by the Foundation and CSUB, to facilitate the gift-giving process, and to provide guidance to prospective donors and their advisors when making gifts to the Foundation and CSUB.

TERMS AND DEFINITIONS

Board of Trustees	shall refer to the Board of Trustees of The California State University
CSUB	shall refer to California State University, Bakersfield
Donor	shall refer to any current or deferred contributor to the Foundation or CSUB, whether such gift has been or will be received, provided the Foundation or CSUB has been designated
Endowment	shall refer to the funds where the donor has stipulated that the fund principal shall remain in perpetuity and only income is expended
Finance Committee	shall refer to the Finance Committee of the Foundation
Foundation	shall refer to the CSUB Foundation, the supporting organization for CSUB and qualified under Internal Revenue Code Section 501 (c) (3), federal Tax ID 95-2643086
Foundation Board	shall refer to the Board of Directors of the Foundation
Foundation Counsel	shall refer to the lawyer or law firm engaged by the Foundation as its legal counsel for business or development. Such counsel may be specially engaged for specific purposes, such as preparation of legal documents on

behalf of the Foundation, or representing the Foundation in probate or other legal proceedings

General Counsel shall refer to the counsel provided CSUB by the Chancellor's Office for The California State University

President shall refer to the President of CSUB

Quasi-endowment shall refer to gifts received by the Foundation which are not specifically designated by the Donor as a contribution to the Endowment, in which the fund principal may be invaded under the terms and conditions governing quasi-endowments

GIFT ACCEPTANCE POLICY

The Foundation accepts a variety of gifts that are offered to the Foundation by individual Donors, corporations and other entities, including private foundations.

The Foundation must be reasonably satisfied that the Donor has the legal authority to make the gift, that appropriate instruments of conveyance of title have been delivered and properly executed, and the source of the funds does not violate public or institutional policy.

No gift may be received that is subject to any conditions or pre-arrangements, unless full disclosure has been made in accordance with this policy. All such gifts shall be subject to the specific requirements that pertain to the type of asset that is the subject of the gift.

DELEGATION OF AUTHORITY

The CSUB President has further delegated the authority of accepting gifts on behalf of CSUB to the Vice President for University Advancement, who also serves as the Executive Director for the Foundation. An operating agreement between CSUB and Foundation authorizes the Foundation to accept gifts on behalf of CSUB.

Executive Order 676

The California State University (CSU) Chancellor has issued Executive Order 676 pursuant to authority granted by Education Code Sections 89035 and 89720, and the Standing Orders of the Board of Trustees, Chapter III, Sections 2 and 4-b and e.

To facilitate and encourage fund raising activities and to give campuses more autonomy in fund raising efforts, the following delegations are approved effective immediately:

- Authority is delegated to campus presidents to evaluate and accept gifts, bequests, and donations of personal property to campuses. Campus presidents may further delegate this

authority in whole or in part to campus officers and employees. Henceforth, campuses will evaluate potential campus gifts, bequests, and donations and accept and receipt campus gifts, bequests, and donations in accordance with the requirements of the California Education Code (see below).

- Authority is delegated to campus presidents to accept gifts of interest in real property to campuses on behalf of the Board of Trustees when acceptance has been authorized by a resolution of the Board of Trustees or is part of an approved campus master plan (Standing Orders, Chapter III, Section 7-b). Campus presidents may further delegate this authority to campus officers and employees.

In acting pursuant to this delegation, due diligence must be performed to ensure that all gifts accepted by the campus will aid in carrying out the primary functions of the campus and CSU as specified in Education Code Sections 89720 and 66010.4(b), copies of which are attached to Executive Order 676. Further, all gifts, bequests, devises, and donations which are accepted must be used in accordance with restrictions specified by the Donor. In the performance of these activities, campuses shall adhere to the spirit as well as the letter of all applicable laws and regulations. All advancement programs and activities shall adhere to the Code of Ethics and Standards of Practice set forth by the Council of Advancement and Support of Education (CASE), the National Association of College and University Business Officers (NACUBO), and the National Society of Fund Raising Executives (NSFRE).

In reporting fund raising results (required by Education Code Section 89720), campuses shall use accurate and consistent accounting methods that conform to the appropriate guidelines set forth by the Council for Aid to Education (CAE). Campuses shall submit the CAE report to the Division of University Advancement, Office of the Chancellor, for presentation to the Board of Trustees at its January meeting. This report shall also be sent from the Division of University Advancement, Office of the Chancellor, to the California Postsecondary Education Commission, the Joint Legislative Budget Committee, and the California Department of Finance.

Education Code Section 66010.4(b)

CSU shall offer undergraduate and graduate instruction through the master's degree in the liberal arts and sciences and professional education, including teacher education. Presently established two-year programs in agriculture are authorized, but other two-year programs shall be permitted only when mutually agreed upon by the Trustees of CSU and the Board of Governors of the California Community Colleges. The doctoral degree may be awarded jointly with the University of California, as provided in subdivision (c) and pursuant to Section 66904. The doctoral degree may also be awarded jointly with one or more independent institutions of higher education, provided that the proposed doctoral program is approved by the California Postsecondary Education Commission. Research, scholarship, and creative activity in support of its undergraduate and graduate instructional mission is authorized in CSU and shall be supported by the state. The primary mission of CSU is undergraduate and graduate instruction through the master's degree.

Education Code Section 89720

The Board of Trustees may accept on behalf of the state any gift, bequest, devise, or donation of real or personal property whenever the gift and the terms and conditions thereof will aid in carrying out the primary functions of CSU as specified in Section (66010.4(b)). Neither Section 11005 of the Government Code nor any other law requiring approval by a state officer of gifts, bequests, devises, or donations shall apply to these gifts, bequests, devises, or donations, and the disposition thereof, shall be annually reported to the California Postsecondary Education Commission, the Joint Legislative Budget Committee, and the Department of Finance by January 5th of each year.

ACCEPTING GIFTS

The Foundation will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with CSUB's stated mission and do not violate the terms of its charter or this policy. The Foundation is unable to accept gifts that are too restrictive in purpose or inconsistent with CSUB's academic purposes and priorities. Gifts received by the Foundation must not inhibit it from seeking similar or different gifts from other donors. No gift can be received which limits, beyond a general definition of subject area, the research that a faculty member or student can perform.

The Foundation and CSUB cannot accept gifts which involve unlawful discrimination based upon race, sex, gender, sexual orientation, age, national origin, color, handicap or any other basis prohibited by federal, state, and local laws and regulations. Nor can the Foundation and CSUB accept gifts which obligate it to violate any other applicable law or regulation. Donors are encouraged to state "CSUB Foundation" or "To the CSUB Foundation for the benefit of California State University, Bakersfield" as appropriate, in making gifts of cash or transfer of property or other documents indicating the intent to make a gift to Foundation.

The Foundation will not accept delivery of real estate (see criteria), either outright, or in its fiduciary capacity as a Trustee, unless the Finance Committee is satisfied that the criterion for acceptance has been met. The Finance Committee must also be satisfied with the results of reviews for environmental hazards, zoning requirements, seismic and other geologic studies, as necessary. The real estate gift is completed upon delivery of a duly executed grant deed or quitclaim deed, notarized and capable of being recorded. If the deed is being signed by a fiduciary, including a trustee of a trust, or an agent under power of attorney, it should be accompanied by a statement from the donor's legal counsel that the fiduciary has legal power to act on behalf of the donor.

Review of Acceptable Gifts

It is recognized that certain gifts, including but not limited to those involving unusual funding arrangements, should not be routinely processed, but should be reviewed by the Finance Committee of the Foundation (Finance Committee) who shall make all final decisions on the

restrictive nature of a gift, and its acceptance or refusal. The types of gifts which will be referred to the Finance Committee include, but are not limited to, the following:

- Gifts requiring unusual funding arrangements or other commitments.
- Gifts of intangible or unusual personal property, including vessels or boats.
- Gifts of tangible personal property such as paintings, sculpture, furniture, or other works of art, or collections of such, if made on the condition or expectation that the items will be permanently exhibited, or that the collections will be maintained and shown as such.
- Gifts of non-publicly traded securities.
- Gifts of partnership interests and other non-traditional investments.
- Gifts of real estate as defined further in this policy statement.
- Certain annuity contracts and charitable annuity trusts as defined further in this policy statement.
- Gifts with special restrictions that may be difficult or costly to administer.
- Gifts that, because of their unusual nature, present questions as to whether they are within the role and scope of CSUB.
- Gifts that, because of their size or nature, present questions as to the impact on CSUB, or a program or area.
- Gifts that might raise questions about CSUB's integrity, independence, or academic freedom, or potentially expose CSUB to adverse publicity, financial risk, or litigation.
- Gifts that present the potential for an obligation on CSUB or Foundation under local, state, or federal law that either may be unwilling or unable to assume.
- Any gifts that are exceptions to existing guidelines or which fall outside the definition of acceptable gifts as defined by this policy statement.
- Gifts that may create an additional one-time or ongoing financial liability for CSUB.

It is the responsibility of any Foundation board member, development director, departmental or other CSUB administrator when presented with a gift or while working with an estate to bring all gifts that meet the above guidelines to the attention of the Vice President for University Advancement prior to accepting such gifts.

Types of Acceptable Gifts

The following types of gifts are acceptable:

- Cash
- Tangible personal property
- Securities
- Real Estate
- Remainder interests in property
- Oil, gas and mineral interests
- Bargain sales
- Life insurance policies
- Charitable gift annuities
- Charitable remainder trusts

- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations
- Gifts-in-kind

Criteria Governing the Types of Acceptable Gifts

The following criteria govern the types of acceptable gifts.

- *Cash* - Cash is acceptable in the form of currency, money orders, checks or electronic transfer (either through a wire transfer to the Foundation’s bank account or by a verified credit card transaction). The postmark date is the gift date for gifts of cash mailed to the Foundation. Checks should be made payable to “CSUB Foundation”.
- *Tangible personal property* - Tangible personal property is property (corporeal movable property) other than real property (immovable property), which is often defined as property that can be touched. If the Foundation intends to sell a gift immediately rather than use it, the donor will be informed that Internal Revenue Service rules may limit the amount of the charitable deduction to the donor’s cost basis, and the donor will be advised to seek professional financial counsel on the tax consequences of such a donation. Only the Finance Committee can approve an agreement to hold property for a specified period. Appraisals, at the donor’s expense, are required for all gifts for which the donor estimates the fair market value to be \$5,000 or more. Extraordinary gifts of tangible personal property will be referred to the Finance Committee, which will consider the following factors in reviewing such gifts for acceptance:
 - Does the property further the mission and purposes of CSUB?
 - Is the property marketable, or can it be used by CSUB in furtherance of CSUB’s purposes and mission?
 - Are there any restrictions on the use, display or sale of the property?
 - Are there any carrying costs, possible adverse legal consequences, or potential liabilities associated with ownership of the property?
- *Securities* - The Foundation accepts both publicly-traded securities and closely-held securities under the conditions described below:
 - *Publicly-traded securities* - These are securities regularly traded on a public stock exchange. It is preferred that donors electronically transfer marketable securities directly to one of the Foundation’s local brokerage accounts. Transfers made directly to the brokerage account can be liquidated almost immediately and with little additional paperwork required from donors. Alternatively, marketable securities may be delivered physically to the Foundation office with the

donor's/transferor's stock power attached. It is the Foundation's policy to sell all marketable securities on receipt. Those securities which are determined to be restricted by applicable securities laws will be reviewed by the Foundation Chief Financial Officer and Foundation Counsel. If the restrictions are deemed to be unreasonable or excessive, acceptance will be referred to the Finance Committee. The value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the day the stock is transferred to the Foundation.

- *Closely-held securities* - Acceptance of closely-held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership funds, must be approved by the Finance Committee, with the following factors to be considered: any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for the Foundation.
- *Real estate* - Gifts of real estate (immovable property) include developed property and undeveloped property, as well as gifts subject to a prior life interest or usufruct. Prior to acceptance of real estate, the Foundation shall require, at the donor's expense, an independent appraisal of the property's fair market value, as well as a Phase I environmental study to ensure that the property has no environmental damage or other environmental issues that would expose the Foundation to liability. The Foundation Counsel shall issue a written opinion regarding acceptance of the proposed real estate donation for final review and an acceptance decision by the Finance Committee. Factors to be considered in acceptance of the property shall include: usefulness of the property for the purposes of the Foundation; marketability of the property, relative to its condition; any restrictions, reservations, easements, or other limitations associated with the property; carrying costs, such as insurance, property taxes (taking into account that the Foundation is not eligible for any homestead exemption), mortgages, or notes, associated with the property; the results of the environmental study report, and any potential liability for cleanup or restoration of the property that may be imposed under current law to a transferee.
- *Remainder interests in property, or a Retained Life Estate (RLE)* - The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions regarding the acceptance of real estate outlined previously in this policy document. The donor or other named beneficiary may continue to occupy the real property for the duration of the stated life or the term of the usufruct. Expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life beneficiary. At the death of the donor or life beneficiary, as applicable, the Foundation may use the property or reduce it to cash. All procedures for evaluating proposed gifts of real property, outlined elsewhere in this document, apply to proposed RLE as well. Donors are strongly encouraged to have all documents related to a proposed RLE reviewed by their own attorneys.

- *Oil, gas and mineral interests* - The Foundation may accept such interests upon review and recommendation of the Foundation Counsel. Factors to be considered in review of the proposed donation include: any extended liabilities or other considerations that make receipt of the gift inappropriate, whether the proposed gift is a working interest (an expense bearing interest, for which acceptance would require approval of the Finance Committee), and any current or potential exposure to environmental liability or cleanup or restoration obligations under relevant law.
- *Bargain sales* - The Foundation will enter into a bargain sale arrangement only when the bargain sale furthers the mission and purposes of CSUB. A bargain sale is a sale of property for less than its fair market value. Some donors are willing to sell their property for an amount equal to their cost basis. The donor then recovers the donor's investment and receives a charitable deduction for the appreciated portion. All bargain sales must be reviewed by the Finance Committee and approved by the Foundation Board of Directors. Factors used in determining the appropriateness of the transaction include: the results of an independent appraisal, obtained at the donor's expense, substantiating the value of the property, whether the Foundation will assume any debt with the property, the marketability of the property for sale within 12 months of receipt, and carrying costs associated with the property during the holding period prior to sale.
- *Life insurance policies* - The "CSUB Foundation" must be named both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift shall be valued at its interpolated terminal reserve value (cash surrender value) on the date of receipt. Should the donor contribute future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year the payment is made. If the donor elects not to continue to make gifts to cover premium payments on the life insurance policy, the Finance Committee shall decide whether to continue to pay the premiums, convert the policy to paid-up insurance, or surrender the policy for its current cash value. No insurance products and no insurance companies or agents are endorsed by the Foundation for use in funding gifts to the Foundation. The Foundation does not furnish donor's names to third parties for marketing life insurance to donors or for any other purpose.
- *Charitable Gift Annuities (CGA)* - A CRA is a contractual arrangement between a donor and the CSU Foundation, which manages the CSU systemwide charitable gift annuity program. The CSUB Division of University Advancement staff works directly with the CSU Foundation to coordinate all CGAs donated to CSUB. The CSU Foundation accepts an irrevocable transfer of cash, cash equivalents, or publicly-traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by the CSU Foundation and distributed to CSUB. A portion of the annual payment is tax-free income to the donor, being considered return of principal. Since the gift annuity is part gift, in addition to the purchase of the annuity, the donor is allowed an income tax deduction. Donors will be advised to seek legal and financial counsel regarding tax deductibility and similar matters.

The annuity is secured by all the CSU Foundation's assets, and the rate of return used by the CSU Foundation and stated in the annuity contract is determined from tables provided by the American Council on Gift Annuities. The rates in these tables consider the age of the donor and/or beneficiary at the time of the gift and are actuarially calculated to provide that approximately fifty percent (50%) of the market value of each gift will remain at the death of the last annuitant. The CSU Foundation may enter into CGA contracts with minimum funding of \$5,000 and minimum age for life income beneficiaries of 55. Exceptions to minimum requirements require approval of the CSU Foundation President.

Contracts involving a deferred gift annuity require approval of the Finance Committee. No more than two life income beneficiaries will be permitted for any gift annuity. The CSU Foundation will not accept real estate, personal property or any other illiquid asset in exchange for any charitable gift annuity.

The tables published by the American Council on Gift Annuities will be used for contractual rates unless an exception is granted by the CSU Foundation President. Upon the death of the donor and/or other named beneficiary, the funds representing the remaining principal contributed in exchange for the gift annuity will revert to an account for the purpose specified by the donor; or, if no such purpose is specified, the fund shall revert to the unrestricted use by CSUB.

Gift annuity contracts are governed by the laws of the state in which the donor resides. Certain of these states have stringent registration requirements. For gift annuities to be established in states other than California, the specific annuity regulations and requirements for that state will first be reviewed by the Vice President for University Advancement and Foundation Counsel. The Foundation reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.

- *Charitable Remainder Trusts (CRT)* - The Foundation accepts designation as remainder beneficiary of a CRT. A CRT is an irrevocable trust created during the life of the donor or through the donor's will or trust (a testamentary CRT). The CRT must provide that a specified amount (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable. The Foundation may serve as trustee for CRTs for which at least 50% of the remainder is irrevocably designated to the Foundation.

There are two alternatives for CRTs. One is a *charitable remainder unitrust (CRUT)*, which pays a fixed percentage of trust assets (not less than 5%) determined annually. The other is a *charitable annuity trust (CRAT)*, which pays a fixed annuity and requires that an amount not less than 5% of the initial fair market value of trust assets be paid at least annually to the named income beneficiary or beneficiaries.

- *Charitable Remainder Unitrust (CRUT)*—The primary feature of a CRUT is that it can be for life or a specified term of years, after which the trust assets pass to

the Foundation. Only assets of the trust may be used to satisfy the commitment to the donor; assets of the Foundation are not involved. Under current tax law, the charitable remainder of a unitrust must equal more than 10% of the unitrust's fair market value when it is funded in order to qualify as a CRUT. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death. The CRUTs acceptable to the Foundation are the basic form of a unitrust, termed a "straight unitrust." A straight unitrust provides for payment to the donor and/or beneficiary quarterly an amount equal to a set percentage of the fair market value of the assets of the trust, valued annually. The percentage is determined by the donor at the time the trust is created, is stated in the trust, and is irrevocable. If annual income and capital gain do not equal the committed percentage, principal is used to make up the difference. If there is an excess, it is added to the principal.

- *Charitable Remainder Annuity Trust (CRAT)*—This type of trust shares many common features with the unitrust, the primary difference being the manner used to calculate the payment to the income beneficiary. The unitrust provides for a payout that varies with each annual valuation; however, the annuity trust provides for fixed payments based upon the fair market value on the date the trust is established. Another difference is that additional contributions cannot be made to an annuity trust. With a CRAT, the donor irrevocably transfers assets to the trust, and the trustee pays the donor, or the specified beneficiaries, a fixed dollar amount annually for life or for a predetermined term not to exceed twenty (20) years. This payout must equal at least five percent (5%) of the fair market value of the assets placed in the trust when it is created. Income more than the annual payment is added to the principal. If the income in any one year is less than the annual payment, the difference comes from principal.
- *Charitable Lead Trusts* - The Foundation may accept designation as the income beneficiary of a charitable lead trust. A charitable lead trust is a form of split-interest gift. A lead trust is like a charitable remainder trust, although the qualified charity receives the income interest with the remainder interest passing to the donor or some other designated beneficiary. Because of the complexity of split-interest deduction rules, the Foundation will advise prospective donors in writing to rely upon the donor's legal, financial and tax advisors in determining whether to pursue the gift of a charitable lead trust to the Foundation. In general, the Foundation will not accept appointment as trustee of a charitable lead trust. Exceptions can only be granted by the Finance Committee, after a thorough review of the circumstances.
- *Retirement plan beneficiary designation* - Donors and supporters of the Foundation will be encouraged to name the "CSUB Foundation" as beneficiary of their retirement plans, including Individual Retirement Accounts and qualified pension and profit-sharing plans. Donors may wish to make their spouse the primary beneficiary, in which case the Foundation may be designated as secondary or contingent beneficiary. Such designations will be recorded as gifts to the Foundation at such time that they become irrevocable. When the receipt of funds is not due until a future date, the present value of the expected cash inflow of beneficiary funds is recorded as a gift at the time the designation becomes

irrevocable. Gifts from retirement plans may be established by sending a new beneficiary designation to the donor's plan administrator.

- *Bequests* - A bequest is a gift of cash, property, or other asset made in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of the residual of the estate. Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation in their wills and trusts. The donors and supporters will be advised to include the statement, "To the CSUB Foundation for the benefit of California State University, Bakersfield" in their wills and trusts to clearly indicate the intent of their bequest for the Foundation. Bequests may be given as unrestricted gifts or gifts restricted to a purpose or program designated by the donor. Donors may also establish, by bequest, a testamentary charitable remainder trust or unitrust. The bequest can be arranged to provide a life income for a designated beneficiary or beneficiaries. If such a gift is made by will, the principal will pass to the Foundation only after the death of the life income beneficiary or beneficiaries.
- *Life insurance beneficiary designations* - Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations will be recorded as gifts at the time the designation becomes irrevocable. The value of the gift to be recorded shall be the present value of the beneficiary amount expected to be received.

GIFTS-IN-KIND

The Foundation retains the right to accept or decline gifts-in-kind on an individual basis. There are some gifts that the Foundation may not want or be unable to accept. If there is a question about restrictions attached to a gift, the Vice President for University Advancement should be contacted before a department or enterprise unit agrees to accept a gift.

A Foundation Gifts-in-kind Form, available from University Advancement, must be filed on all gifts-in-kind received by the Foundation. The filing of this form will initiate the review and approval process for acceptance of the gift in kind and is also necessary to maintain appropriate gift records.

Valuation of Gifts-in-kind

It is the sole responsibility of the donor to provide an assessed valuation and transportation of the gifts-in-kind to the Foundation, and to be knowledgeable about Internal Revenue Service regulations concerning gifts-in-kind. The Internal Revenue Service guidelines in use at the time of transfer will be strictly adhered to and may be obtained from the donor's professional advisors.

Should the Foundation decide to sell or dispose of the gifts which is valued at over \$5,000 within a two-year period from the date of receipt, the Foundation is required to complete and submit a

corresponding Internal Revenue Service Form 8282 (Donee Information Return (Sale, Exchange, or Other Disposition of Donated Property) Form) with the Internal Revenue Service stating the date of disposition and value received. Gifts received from donors during a calendar year that are valued at over \$500 and that cumulatively exceed \$5,000 are also required to be reported on Internal Revenue Service Form 8282, if sold within a two-year period from date of receipt.

The following general Internal Revenue Service regulations apply:

- Gifts-in-kind valued over \$5,000
 - All gifts-in-kind from individuals and all gifts that require special expertise to establish the value with a value more than \$5,000 must include an appraisal executed by a qualified independent appraiser at the donor's cost. The appraisal cannot be made earlier than 60 days prior to the date of the gift. If the value of the gift in the appraisal is listed as a range of values, the gifts will be valued at the midpoint of the range of values.
 - A completed Internal Revenue Service Form 8283 (Non-case Charitable Contributions) must be obtained by the donor and attached to the tax return for the year when the deduction is first claimed. The appraisal portion is signed by an appraiser qualified in the eyes of the Internal Revenue Service along with his/her tax identification number. The donee acknowledgement portion of the form is to be completed by the Foundation. After signing, the form is then provided to the donor. A copy of the signed form, indicating that the Foundation accepted and received the gift, should be filed with the Foundation Gifts-in-kind Form in the office of University Advancement.
 - Under tax law, if the Foundation transfers property whose claimed value for purposes of the charitable contribution deduction is more the \$500 for any single item included in Part B of Internal Revenue Service Form 8283, within two years of the date of receipt of that property, the Foundation must file Internal Revenue Service Form 8283 with the Internal Revenue Service within 125 days of the transfer of the property and send a copy to the donor. The Foundation must separately inventory gifts-in-kind appraised at more than \$5,000 to comply with this requirement. (Some gifts of over \$5,000 may consist of more than one item.) Any unit accepting gifts-in-kind are responsible for notifying their Director of Development and the Vice President for University Advancement before any gifts-in-kind are sold.
 - Gifts-in-kind acknowledgement letters and tax receipts will only describe what was given and will not include the estimated cash value or the appraised value of the gift. All donors making gifts-in-kind contributions will receive an official tax receipt from University Advancement that includes the description of the gift and the gift designation.

- Gifts-in-kind valued at \$500 to \$5,000
 - Appraisals are not required as the Foundation does not sign Internal Revenue Service Form 8283 for this level of gifting.
 - A Foundation Gifts-in-kind Form must be filled out by the receiving CSUB official.
- Gifts-in-kind that do not have an appraised value assigned
 - A Foundation Gifts-in-kind Form must be filled out by the accepting CSUB official, with “no appraised value” written into the proper place. The gifts-in-kind approximate value should be estimated by the donor and noted on the form. Such amounts should not exceed \$5,000.

Other property not otherwise described above, whether real or personal, of any type (including copyrights, trademarks, royalties, servitudes, easements or other incorporeal rights) may be accepted only after review and approval by the Finance Committee.

USE OF LEGAL COUNSEL

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters include, but are not limited to, the following:

- Closely held stock transfers that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities.
- Arrangements and documents pertaining to such arrangements where the Foundation is named as Trustee.
- Gifts involving bargain sales or documents requiring the Foundation to take or refrain from taking some action or assume an obligation.
- Transactions with potential conflicts of interest that may invoke Internal Revenue Service or other legal sanctions.

MISCELLANEOUS PROVISIONS

It will be the responsibility of the donor to secure an appraisal when appropriate and engage the advice of independent legal and financial counsel for all gifts made to the Foundation. In situations where advisors retained by the Foundation prepare documents or render advice in any form to the Foundation and a donor, it shall be disclosed to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor. Any

documents or other advice rendered during the relationship between the Foundation and the donor should be reviewed by counsel of the donor prior to completion of the gift.

The CSUB Office of University Advancement produces materials which educate and inform prospective donors and their advisors about the various forms of giving. The Foundation and CSUB pays no fees or commissions of any kind to any party as consideration for directing a gift to the Foundation, nor does the Foundation endorse any professional or fiduciary services.

The Foundation will be responsible for filing the required Internal Revenue Service Form 8282 upon the sale or disposition of any property sold or otherwise disposed of within two years of receipt by the Foundation when the charitable deduction value of the item is greater than \$5,000. It is understood that the Foundation must file this form within 125 days of the date of sale or disposition of the asset.

FUNDRAISING EVENTS

Pursuant to Integrated California State University Administrative Manual 15701 - Fundraising events are those events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution and a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events. Fundraising events do not include the following:

- Activities substantially related to the accomplishment of the CSUB educational purpose, including such activities that receive sponsorship.
- Unrelated trade or business activities that generate fees for service.
- Fundraising solicitations and related prospecting activities intended to generate only a contribution (no purchase of goods or services).
- Raffles in which the prizes have only a nominal value and do not require reporting as taxable income.

Raffles, also known as an opportunity drawings or basket auctions, are schemes for the distribution of prizes by chance among persons who have paid money for paper tickets that provide the opportunity to win these prizes. Each ticket is sold with a detachable coupon or stub, and both the ticket and its associated coupon or stub are marked with a unique and matching identifier. In accordance with the State of California Penal Code Section 320.5, raffles shall not be advertised nor conducted on the Internet.

Fundraising events with gross receipts greater than \$5,000 must be approved in writing by a delegated authority when the fundraising event utilizes the CSUB name, logo or trademarks and represents that CSUB will benefit from the proceeds. Prior to the event, the delegated authority

shall review the fundraising event's budget, drafts of solicitation materials, and action plan to comply with federal, state and local regulations.

The budget must sufficiently detail anticipated revenues and expenditures to project net revenue and quid pro quo benefits. The Internal Revenue Service requires fundraising events with gross receipts greater than \$5,000 to report the following revenue and expenditure categories:

- Gift income
- Non-gift income
- Cash prize expenditures
- Non-cash prize expenditures
- Rent or lease of property or facility expenditures
- Food and beverage expenditures (including service fees and taxes for catering)
- Entertainment expenditures (including expenses for labor and wages)
- Other direct expenditures (including labor and wages for fundraising event workers or paid independent contractors)

All fundraising events must be approved through University Advancement via the Fundraising Event Approval Form. All fundraising events shall be reported on Internal Revenue Service Form 900, Schedule G.

RECEIPTING OF GIFTS

The Foundation shall provide to the donor a receipt for all gifts. For outright gifts of any amount, the receipt will acknowledge the date and amount of cash, or a description of any property other than cash, contributed. The receipt will provide a good faith estimate of the value of any goods or services given to the donor by CSUB.

The Foundation shall provide a contemporaneous written receipt for all gifts of \$250 or more that meet the requirements of Section 170(f)(8) of the Internal Revenue Code.

The Foundation shall provide a tax disclosure statement to any donor who makes a quid pro quo gift of more than \$75 that meets the requirements of Section 6115 of the Internal Revenue Code. A quid pro quo contribution is a payment made to Foundation by a donor partly as a contribution and partly for goods or services provided to the donor by Foundation. For example, if a donor gives Foundation \$100 and receives a polo shirt valued at \$35, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the gift is \$65. Even though the part of the gift available for deduction does not exceed \$75, a disclosure statement must be filed because the donor's gift (quid pro quo contribution) exceeds \$75. The required written disclosure statement must:

- Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and

- Provide the donor with a good faith estimate of the value of the goods or services that the donor received.

The Foundation must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a solicitation, it is not necessary for the organization to provide another statement when the associated contribution is received.

No disclosure statement is required when:

- The goods or services given to a donor meet the standards for insubstantial value set out in Internal Revenue Service Revenue Procedure 90-12, 1990-1 C.B. 471 and Revenue Procedure 92-49, 1992-1 C.B. 987;
- There is no donative element involved in a transaction with a charity (for example, there is generally no donative element involved in a discount for a visitor's purchase from a bookstore).

ENDOWMENTS

Foundation's endowment comprises hundreds of individual funds. Each was created by an agreement between the Foundation and a donor(s) for a purpose. The donor can place restrictions on how the funds are to be spent; these are called *restricted* funds. If the donor does not specify a restriction, Foundation may use the funds for purposes the CSUB President deems most pressing; these funds are called *unrestricted*.

Because of the required reporting and accounting, endowed funds will only be established with a minimum \$25,000 account value. Some fund purposes have a higher minimum.

The Foundation has an Investment Policy that seeks to maximize long-term real returns with acceptable risk. The Foundation invests with the intent to earn the annual spending policy distribution amount, plus account for inflation and cover any fees incurred. By investing to cover the rate of inflation and fees, the purchasing power of the endowment can be assured for the future.

Each donor-created endowed fund is allocated as a percentage of the overall endowment, much like an owner of a mutual fund owns "units." The Foundation will distribute an amount based on the endowment fund's market value pursuant to the Investment Policy.

Once the funds are transferred to the endowment's associated operating account, the faculty member (or administrator) responsible for those funds (Project Director or Principal Investigator) may utilize the funds in accordance with the terms and conditions of the endowment. Funds should be spent directly from that associated operating account to facilitate easy reporting back to the donor as to how their funds were spent. This report is done annually in the form of an endowment report, following the close of the fiscal year.

New endowed funds must meet the minimum required for that type/purpose of endowed fund before an annual distribution will commence. The endowment minimums are as follows:

- Endowed Chair \$1,000,000
- Endowed Professorship \$500,000
- Endowed Research Fellowship \$250,000
- Endowed Scholarship \$25,000

TRADE USAGE

Trade usage is designed to help offset the cost of recruiting visits, marketing, and promotions, visiting job candidates, and meetings.

Trade for the CSUB Athletics Department is solicited and secured by Learfield and shall be properly documented and recorded.

Except for the CSUB Athletics Department, trade for CSUB is solicited and secured by University Advancement and shall be properly documented and recorded.

IMPLEMENTATION

The Foundation, working in conjunction with the CSUB Division of University Advancement, is authorized to develop and adopt written guidelines and procedures to implement this gift acceptance policy statement. Except as otherwise stated within these written policies, the Finance Committee must approve any exceptions to policy provisions.

GIFT ACCEPTANCE POLICY REVIEW

To assure continued relevance of the guidelines, objectives, and gift expectations as established in this gift acceptance policy statement, the Finance Committee plans to review this gift acceptance policy statement at least annually. Policy amendments must be approved by the Board.

This statement of gift acceptance policy is adopted as of September 26, 2018 by the Board.