



GIFT ACCEPTANCE AND DISPOSITION

POLICY

I. INTRODUCTION

1. This policy statement is designed to ensure that all gifts to, or for the use of, Sherman College of Chiropractic are structured to provide maximum benefits for the donor and the College. Because some gift situations might be complex, or more costly than beneficial, or restricted in a manner not in keeping with the goals of the College, this policy has been developed to establish evaluation, acceptance, and disposition standards for all gifts. This policy is intended as a guide and allows for some flexibility on a case-by-case basis.

II. GUIDING PRINCIPLES

1. Sherman College encourages gifts in support of its mission as a private chiropractic College.
2. Sherman College seeks to implement a gift acceptance and disposition policy that will protect the:
 - i. best interests of the donor;
 - ii. welfare of Sherman College; and
 - iii. employees charged with the management of the gift planning program.
3. Donors are encouraged to consult with their personal advisors (accountants, certified estate or financial planners, attorneys, investment brokers, etc.) before making any gift to the College, particularly a planned gift.
4. The College reserves the right not to accept certain gifts, including those from which the College will realize little or no financial gain, or which are made for purposes that are inconsistent with the College's educational mission, or which have restrictions that violate the College's ethical standards or require illegal discrimination.
5. Donations of gifts for unrestricted, general purposes are encouraged because of the flexibility they provide in meeting the most pressing needs of Sherman College.
6. The College shall acknowledge all gifts and donations in a manner that respects and honors the donor.
7. In accepting a gift, the College also accepts a responsibility to the donor to steward that gift. This includes administering the gift properly, providing the donor with appropriate financial information about the gift, and, when appropriate, reporting to the donor about the use of the gift.

III. GENERAL

A. Administrative responsibility for gift acceptance policy

1. Overall responsibility for ensuring compliance with the requirements of this policy is assigned to the Vice President for Advancement (VPA). The Office of Advancement (OA) should screen all gifts. In



GIFT ACCEPTANCE AND DISPOSITION

appropriate cases, as set forth in more detail below, gift proposals shall be further screened by the Executive Vice President (EVP) or the Gift Acceptance Committee.

B. Gift Acceptance Committee

1. Role of the Committee: The Gift Acceptance Committee shall serve on an ad hoc basis in circumstances described in more detail below.
2. Members of the Committee: The Committee shall be composed of the VPA, the EVP, and the President.
3. Consensus required: All decisions of the committee must be made by consensus. If consensus cannot be reached, gift proposals will be forwarded to the Office of the President for review and decision, in consultation with the Chair of the Board of Trustees.

C. Appraisals

1. Legal and ethical requirements, designed to protect the donor and the College, prohibit the College from appraising gifts. Such appraisals, if required by law or circumstances, are to be conducted by appraisers independent of the College. The cost of such an appraisal will be the donor's responsibility. In very limited and unusual circumstances, the VPA, in consultation with the EVP, may approve payment of the cost of an outside appraisal.

D. Evaluation of Costs Associated with Acceptance of Certain Gifts

1. Proposed gifts of property and gifts in-kind must be evaluated to determine whether the costs to the College associated with receiving the gift can be accommodated prudently. For example, accepting real property might require payment of closing costs, payoff of debt secured by the property, and physical changes to the property necessary to ensure safety or control environmental hazards. Similarly, the cost to retrofit space on campus and provide necessary utilities to make a proposed gift of equipment usable for college purposes might be deemed excessive. Occasionally, associated costs might weigh against acceptance of a gift. The authority and responsibility for prompt, careful evaluation of such costs rests with the VPA, who shall, after conferring with other departments as appropriate, confer with the EVP regarding acceptance of a gift. Should the VPA and the EVP disagree about whether to accept a gift, the matter shall be referred to the Gift Acceptance Committee for determination.

E. Gift Acknowledgement

1. All donors are to be sent gift acknowledgement letters and receipts in a reasonable interval. When appropriate, donors also shall be given tokens of appreciation. The VPA or his/her designee is responsible for ensuring compliance with the requirements regarding gift acknowledgements and receipts.



GIFT ACCEPTANCE AND DISPOSITION

F. Acceptance and Administration of Restricted Gifts

1. Frequently, donors require that the College use gifts in particular ways. It is the responsibility of the College to comply with such requirements if such a gift is accepted. The VPA is responsible for ensuring that arrangements are made to achieve compliance with such requirements in consultation with other departments as appropriate. In instances such that the restrictions imposed by a donor are specified in writing and require a signed agreement by a college official, as in the case of a trust agreement, such an agreement is to be signed on behalf of the College by the VPA or EVP.

G. Memorandum of Understanding

1. Before completing major and/or planned gift arrangements with donors, the VPA, on behalf of the College, and the donor will sign a Memorandum of Understanding/Gift Agreement, which shall contain the following elements:

- i. purpose;
- ii. background;
- iii. funding;
- iv. criteria specifying who will benefit;
- v. Sherman College's responsibilities;
- vi. uses of the endowment (principal and income) or current operating fund;
- vii. activation date;
- viii. additions;
- ix. change of the fund's use; and
- x. public relations.

IV. GIFT TYPES

The following procedures relate to the types of gifts typically received by the College. It is understood that special gifts or circumstances might require a case-by-case review and might not be addressed by this document.

A. Outright

1. Cash

i. Gifts in the form of cash and checks shall be accepted by Sherman College regardless of amount unless, as with any gift, there is a question about whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds. Once funds have been processed by the OA, they will be forwarded immediately to the Business Office.

ii. Checks shall be made payable to "Sherman College". In no event shall a check be made payable to an employee, agent, or volunteer who represents Sherman College.



GIFT ACCEPTANCE AND DISPOSITION

2. Securities

- i. Publicly Traded Securities: Securities that are traded on any recognized stock exchange and are readily marketable shall be accepted by Sherman College and shall be sold as soon as practical by the College.
- ii. For Sherman College gift crediting purposes, the value of the securities is the average of the high and the low on the date of the gift, in accordance with Internal Revenue Service (IRS) regulations.
- iii. Closely Held Securities: Non-publicly traded securities shall be accepted only after consideration of the costs associated with such a gift and after approval by the Gift Acceptance Committee.

3. Personal Property

- i. Gifts of personal property or non-cash items such as books, scientific or chiropractic equipment, portraits, or similar items generally are accepted by Sherman College when Sherman College has some related use for the donated items. Contributions of personal property or non-cash items with a value of \$5,000 or more must be accompanied by IRS Form 8283 which must be certified by a qualified appraiser and by an appropriate Sherman College representative. Sherman College does not provide appraisal services or pay appraisal fees for gifts of property or non-cash items.
- ii. Acceptance of all gifts of personal property or non-cash items must be approved by the VPA who will confer with the affected department/unit head, director, dean, or vice president in light of the following criteria:
 - a. Can Sherman College use the property/item?
 - b. Is the property/item marketable?
 - c. Are there any undue restrictions on the use, display, or sale of the property/item?
 - d. Are there any repair, maintenance, insurance, storage, transportation, sales or other additional costs associated with acceptance of the property/item?
- iii. Donations of time or services by local corporations, entities, or individuals for which a dollar value cannot be readily established and which are not recognized by the Internal Revenue Service as contributions for income tax purposes are appreciated by Sherman College. Departments which receive such donated services should acknowledge those donations and should report that information to the OA.
- iv. Gifts of personal property shall be used or sold for the benefit of Sherman College, at the sole discretion of the College.
- v. Donors will be informed at the time of the acceptance of such a gift that Sherman College will, as a matter of policy, cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.
- vi. No personal property shall be accepted under conditions that obligate the College to own the property in perpetuity.



GIFT ACCEPTANCE AND DISPOSITION

4. Real Estate

i. In order for the donor to take a charitable deduction, the IRS requires that the donor get an independent qualified appraisal of the property made no earlier than 60 days before the gift and no later than the day before the date on which the tax return claiming the deduction is filed (including extensions). Although the College may want to conduct its own appraisal, we will request that the donor have an independent qualified appraisal done during the gift process and share that appraisal and the appraisal's certification with us. The college reserves the right for a second appraisal, if necessary, for review by the Gift Acceptance Committee. The IRS requires that the appraisal be that of the donor, and therefore the College cannot pay this expense for the donor without possibly jeopardizing the donor's tax deduction.

ii. All gifts of real estate shall be evaluated considering the need for an environmental audit. Qualified environmental professionals selected and directed by College staff shall perform an environmental audit. An environmental audit is done for the benefit of the College and not the donor and is therefore a College expense. If the gift is accepted, the costs of the audit will be reimbursed from the proceeds of the sale of the property. If environmental risks are identified, it will be necessary for the donor to rectify the problem at his/her expense before the College will consider accepting the gift. An environmental professional is an individual who, through academic training or occupational experience, is qualified to conduct such an audit. The environmental audit is to determine whether a hazardous substance is, or likely could be, present on the property and shall contain in writing all information required by College staff (Environmental Interview – Attachment A and Environmental Conditions Inspection Checklist – Attachment B). In the case of residential real estate an exception may be made for the environmental audit if the property has been in existence for a sufficient time period with sufficient knowledge of land usage.

iii. If an environmental audit discloses the presence or likely presence of, or a release or threatened release of, a hazardous substance on the property, the transfer of the property to Sherman College will not be accepted until satisfactory documentation is provided to College staff that federal, state, and local environmental authorities have determined that such condition has been remedied. The donor will bear the cost of any environmental cleanup.

iv. No gift of real estate encumbered by a mortgage or lien shall be accepted.

v. A staff member from the OA or designee must conduct a visual inspection of the property. If the property is located in a geographically remote area, a local real estate broker may conduct the visual inspection.

vi. The donor will assume transfer costs associated with the property such as title search costs and title insurance.

vii. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed. The donor will assume these costs until the College disposes of the property. In the case of a unitrust, the donor must deposit sufficient cash in the unitrust to pay for these expenses for the time period prior to sale by the College.



GIFT ACCEPTANCE AND DISPOSITION

viii. Before the gift will be accepted by the College, the donor must provide the following documents:

- a. real estate deed;
- b. most recent real estate tax bill;
- c. plot plan;
- d. real property disclosure checklist (Attachment C);
- e. substantiation of zoning status; and
- f. environmental site assessment.

ix. Before the gift will be accepted by the College, the donor must complete a Real Estate Acceptance Agreement (Attachment D) and certify in writing that:

- a. no violations of state, local, or federal law exist on the property;
- b. there are no restrictions on the title to the property;
- c. no unrecorded rights of way, easements, or encumbrances are attached to the property;
- d. no contractual or other donative commitments to other individuals, corporations, or groups are attached to the property;
- e. the property is neither the subject of, nor threatened with, litigation.

x. If the donor is giving a retained life estate gift, the donor shall pay for all or a portion of the following during the donor's lifetime:

- a. maintenance costs;
- b. real estate taxes;
- c. insurance;
- d. real estate broker's commission and other costs of sale;
- e. and appraisal costs.

xi. The donor must be advised before making a gift of real estate that the property might be sold upon receipt.

xii. The College will not accept any property subject to an obligation to sell it since, in general, if a donor transfers property to a charity that merely carries out a sale already arranged by the donor, the transaction is regarded by the IRS as a "step transaction" and the proceeds are includible in the donor's income under the "assignment of income doctrine".

xiii. Because of the complex nature of real estate transactions, the donor should be advised that a timeframe of four to six weeks to complete the gift acceptance process is standard. To maximize the donor's chances of receiving a charitable tax deduction for his/her gift in the current tax year, the donor should be encouraged to start this process by October 15th.

xiv. The gift will be completed by the execution and delivery of a warranty deed or other appropriate conveyance. If the property is transferred using a quit claim deed, title insurance must be acquired on the property in connection with acceptance.



GIFT ACCEPTANCE AND DISPOSITION

5. Gifts of Life Insurance

- i. Sherman College will accept life insurance policies as gifts only when the College is named as the irrevocable owner and beneficiary of the policy.
- ii. Policies must be whole life or universal life policies.
- iii. Policies must be from A+ or higher rated insurance companies.
- iv. If the policy is paid up, the value of the gift for Sherman College's gift crediting and accounting purposes is the policy's replacement cost.
- v. If the policy is partially paid up, the value of the gift for Sherman College's gift crediting and accounting purposes is the policy's cash surrender value.
- vi. Donors must pay annual premiums in full until cash value of policy is sufficient to meet premiums. Donors have the option to continue paying annual premiums after this time, at the donor's discretion.
- vii. The gift of a life insurance policy is not designed to replace a donor's annual contributions to the College by paying their annual insurance premiums.

B. Deferred Gifts

1. Bequests

- i. Sherman encourages alumni and friends to disclose their bequest intentions to the Office of Institutional Advancement in writing to ensure that the College can carry out their wishes and that the gifts conform to the principles in this policy.
- ii. All bequests should conform to the guiding principles set out in this policy.
- iii. Gifts from estates of deceased donors that do not conform to Sherman College's policies may be accepted or rejected pursuant to the procedures outlined above and such decision communicated to the legal representative of the estate. If possible, a mutually agreeable plan shall be negotiated between the College and the representative to make the gift acceptable.
- iv. In those cases where the donor makes no restriction on the use of a bequest, it shall be the policy of the College to direct all such gifts of less than \$25,000 to the Annual Fund of the College unless otherwise directed by the Gift Acceptance Committee with recommendations from any member. Priority of gifts over \$25,000 will be used for capital improvement or endowment purposes, unless otherwise directed by the Gift Acceptance Committee with recommendations from any member.



GIFT ACCEPTANCE AND DISPOSITION

2. Charitable Trusts

- i. The Gift Acceptance Committee and other employees acting on behalf of Sherman College should become familiar with the types of property generally accepted by corporate fiduciaries as suitable contributions to charitable trusts. Only suitable types of property shall be encouraged as gifts to Sherman College.
- ii. Neither the Gift Acceptance Committee nor any employee or other person acting on behalf of Sherman College shall recommend any corporate fiduciary to a potential donor.

3. Charitable Gift Annuities

- i. No gift annuity that names an income beneficiary younger than age 65, or any Deferred Payment Gift Annuity which names a beneficiary younger than age 55, shall be accepted without approval of the Gift Acceptance Committee.
- ii. Gift Annuities and Deferred Payment Gift Annuities will be accepted for a single life or two life-joint and survivor only, unless the Gift Acceptance Committee approves acceptance under other circumstances.
- iii. The minimum initial contribution for a Gift Annuity will be \$10,000. The minimum contribution for an additional gift annuity shall be \$5,000. Annuities under \$25,000 will have an annual payout. Annuities over \$25,000 may have quarterly or annual payouts.
- iv. The College will use the payout rate schedule suggested by the American Council on Gift Annuities as a representative guide.

C. Restricted Gifts/Endowments

1. Gifts to Sherman College may be restricted in their use if the proposed use is consistent with the College's educational mission and the restrictions do not violate the College's ethical standards or require illegal discrimination.
2. The College reserves the right to change the designated purpose or purposes of any restricted gift if the restriction prevents the College from using the gift to fulfill the donor's intentions or becomes impractical, unnecessary, or undesirable. Approval of such change should require the approval of the Gift Acceptance Committee.
3. Prospective donors will be made aware that the College can change, at its discretion, the purpose of a restricted gift and that no changes will be made before a reasonable effort is made to hold a discussion with the donor, or if then deceased, his or her surviving spouse or children, or such other persons designated by the donor.
4. Designated gifts of any size may be made to an existing endowment fund of Sherman College.
5. A named endowment gift may be established with a minimum of \$25,000.



GIFT ACCEPTANCE AND DISPOSITION

D. Payment of Fees Related to Gifts

1. Sherman College may incur and pay reasonable fees for the professional services rendered to the College in direct connection with the completion of a gift to Sherman College.
2. In the instances in which advisors retained by Sherman College prepare documents or render service of any kind to Sherman College and/or the donor to Sherman College, the donor shall be informed that the professional involved is in the employ of Sherman College and is not acting on behalf of the donor, and that any advice given or documents prepared should be reviewed by counsel for the donor before completion of the gift.