



Mendocino College Foundation, Inc.

Gift Policy

Purpose

The Board of Directors of Mendocino College Foundation and its staff solicit current and deferred gifts to support the College's vision of delivering innovative educational programs, focusing on student success and contributing to our community's vitality. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of its programs or services.

General Principles

The Mendocino College Foundation, Inc. was established as an Auxiliary Organization under Section 72670 of the California Education Code by the Board of Trustees of the Mendocino – Lake Community College District on May 2, 1984. Because of the educational nature of its activities, it has been granted tax exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation was organized under Section 509(a)(2) of the U.S. Internal Revenue Code and as such is able to receive charitable contributions and is not affected by the Pension Protection Act of 2006.

The Foundation follows the letter and spirit of all laws and regulations affecting or relating to charitable giving and fund raising activities.

The Foundation reserves the right to refuse or refund any gift that in any way may detract from its mission, character, integrity or independence.

The Foundation will only use gifts for the particular purpose designated by the donor or set forth in related solicitation materials. Unrestricted gifts will be used to further the work of the Foundation as set forth in its "Mission and Goals" as determined by its Board of Directors.

The Foundation shall employ responsible internal procedures to safeguard the donor's privacy and other confidential information.

Gift Definition

A gift is defined as any transfer of personal or real property made on a voluntary basis and without consideration received in return.

Donor Responsibility

While this document is intended to provide guidance regarding the acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers his/hers charitable, financial and estate planning goals. Therefore, each prospective donor is urged to seek the assistance of personal legal

and financial advisors in matters relating to their gifts and resulting legal, tax and estate planning consequences.

Factors to Consider in accepting gifts

Whether it will cost the Foundation money to own the asset

Whether it will cost the Foundation money to sell the asset

Staff and volunteer time required to manage or sell the asset

Whether owning or selling the asset will expose the Foundation to liability

The marketability of the asset and the cash flow it can be expected to generate

Types of Gifts

Cash

Publicly Traded Securities and Mutual Funds

Non-Publicly Traded Securities

Tangible Personal Property

Real Estate

Life Insurance

Charitable Gift Annuities

Charitable Remainder Trust

Charitable Lead Trust

Retirement Plan Beneficiary Designations

Bequests

Life Insurance Beneficiary Designations

Royalties and Distribution Rights

Gift Acceptance Process

Cash and Publicly Traded Securities

All gifts made in cash, cash equivalents or gifts of publicly traded securities and mutual funds that are unrestricted or given to support programs or fund raising vehicles approved by the Foundation's Board of Directors can be accepted by the Foundation Staff on behalf of its Board of Directors. It is the general policy of the Foundation to sell marketable securities immediately upon receipt. However, the Foundation's Finance Committee will govern the disposition of securities and will make the final decision regarding the sale or retention of securities valued over \$10,000.

Non-publicly traded stock corporations

The donor wishing to make the gift must have it valued by a reputable independent accounting or appraisal company prior to making a contribution. The Foundation will make all decisions regarding the sale or retention of the stock. The acceptance of the stock shall depend on the ultimate financial liability of the Foundation and the amount of management required. Typically the Foundation will not accept stock of this type unless it has a value of over \$25,000. The decision to accept this particular type of gift will be made by the Foundation's Finance Committee.

Securities not readily marketable

Gifts which are not assessable and have no apparent value which may not be assigned or which in any way could create a liability to the Foundation will not be accepted.

Partnerships of LLC interest

The Foundation does not accept gifts of general partnerships or Limited Liability Companies (LLC) due to potential liability.

Tangible personal property

Staff can accept, with approval by the College's Superintendent/President, any gifts of personal property for use in the College's offices or programs. Other gifts of tangible personal property will be approved by the Foundation's Finance Committee after taking into consideration: whether or not the property is related or unrelated to the exempt purposes of the Foundation; liability considerations; whether the property is readily salable; taxes and insurance; transportation and storage cost; security; maintenance and repair requirements and the potential cost of selling the item.

Real Estate

Gifts of real estate may include developed property or undeveloped property. The review process for all gifts of real estate will be conducted by the Foundation's Executive Committee with final approval to be made by the Foundation Board in accordance with the Foundation's Bylaws. Prior to acceptance of real estate the Foundation will require an initial environmental review of the property for potential environmental liabilities. In the event that an initial inspection reveals a potential problem the Foundation shall retain a qualified inspection firm to conduct an environmental audit before deciding to proceed further. The cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of the title binder shall generally be an expense of the donor.

Prior to acceptance of the real property the District's legal counsel will be asked to review the gift for any relevant issues to be considered. Criteria for acceptance of the property shall include the following: is the property useful for the purpose of the College; is the property marketable; are there any restrictions, reservations, easements or other limitations associated with the property; are there carrying costs, which may include insurance, property taxes, mortgages or notes associated with the property.

Life Insurance

The Director of Development can accept all gifts of life insurance that are unrestricted or given to support programs or fund raising vehicles approved by the Foundation's Board of Directors. Life insurance gifts with restrictions will be subject to the provisions in the section Restrictions and all other applicable provisions of this policy. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation's Finance Committee may decide one of the following:

- Continue to pay the premiums
- Convert the policy to paid up insurance, or
- Surrender the policy for its current cash value

Charitable Gift Annuities

The Foundation may offer Charitable Gift Annuities. The minimum gift for funding is normally \$10,000. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Generally, annuity payments

may be made on a quarterly, semi-annual or annual schedule. Rates are determined by the age of the donor(s) and are calculated so that approximately half of the initial gift goes to the Foundation. All contract provisions require approval by the Finance Committee.

The Foundation will not accept real estate, tangible personal property or any other illiquid asset in exchange for current charitable gift annuities. The Foundation may accept real estate, tangible personal property or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Finance Committee approves the arrangement and all other provisions of this policy that apply to the gift are met.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation's unrestricted funds or to such specific restricted fund as designated by the donor. The approval of the charitable gift annuity contract will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Charitable Remainder Trust

The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Foundation's Finance Committee. The usual minimum amount required to set up a trust is \$50,000. The acceptance of the charitable remainder trust will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Charitable Lead Trust

The Foundation may accept a designation as income beneficiary of a charitable lead trust. The income from a lead trust may be either a guaranteed annuity or a fixed percentage determined annually. It is typically drafted for a stated term of 10-20 years. The trust can be funded during the donor's lifetime or through a will or estate plan and must be prepared and approved by the donor's attorney. The Foundation will not accept appointment as Trustee of a charitable lead trust. The acceptance of the charitable lead trust will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Retirement Plan Beneficiary Designations

The Foundation may accept being designated the beneficiary of a donor's retirement plan(s). Such designation will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. The acceptance of the retirement plan beneficiary designation will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Bequests

The Foundation may accept a Donor bequest under their will and/or trust. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. The acceptance of the bequest will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Life Insurance Beneficiary Designations

The Foundation may accept a Donor designation as a beneficiary of their life insurance policy. Such designation will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be

recorded at the time the gift becomes irrevocable. The acceptance of the designation will be in accordance with the section titled *Restrictions* and all other applicable provisions of this policy.

Royalties and Distribution Rights

The Foundation may accept gifts of royalties or distribution rights where there is clear evidence of marketability or assurance of an income stream. The Foundation's Finance Committee will determine whether such a gift should be accepted after receiving a qualified appraisal, the cost of which shall be borne by the donor.

Restrictions

The Foundation will not accept restrictions that are inconsistent with its mission. It will review all potential considered gifts in light of the restrictions in terms of the cost of the restriction and the generation of money from the gift to meet the desired activity. The review and approval of Gifts with a value of up to \$50,000 will be made by the Foundation's Finance Committee. Gifts covered by this provision over \$50,000 will require approval of the Foundation's Executive Committee.

Miscellaneous Provisions

Securing appraisals, contracts, and related legal fees for gifts to the Foundation will ordinarily be the responsibility of the donor when such activities are required.

It is the responsibility of the chief financial officer of the College with the help of the Foundation's staff to file IRS Form 8282 upon the sale or disposition of any assets sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The filing must be within 125 days of the date of sale or disposition of the asset.

Acknowledgements of gifts made to the Foundation and compliance with the applicable IRS requirements shall be the responsibility of Foundation staff.

All matching gifts received by the Foundation will be directed to the same fund as the donor's gift unless specified otherwise by the donor or contributing entity. Further, these matching gifts will be governed by the same provisions as those that govern the donor's gift.

Recognition of pledges must be in writing with the amount, payment terms and any conditions clearly articulated.

The minimum gift acceptable to establish a new endowment fund is \$25,000. Exceptions to the minimum are subject to approval by the Finance Committee.

Naming opportunities will be made available at various times to recognize significant contributions to the Foundation. These naming opportunities will be added to this policy as the situation dictates. The naming opportunities will be approved by the Foundation Board.

Any exceptions to this policy must have the approval of the Foundation's Finance Committee.