

## **GIFT ACCEPTANCE POLICY AND PROCEDURES**

### **Rocky Mountain College**

Rocky Mountain College (RMC), a not for profit organization in the State of Montana, encourages the solicitation and acceptance of gifts to further and fulfill its mission. RMC educates future leaders through liberal arts and professional programs that cultivate critical thinking, creative expression, ethical decision-making, informed citizenship, and professional excellence.

#### **Purpose of Policies**

This statement articulates the policies of the Board of Trustees (the Board) of RMC concerning the acceptance of charitable gifts and provides guidance to prospective donors and their advisors when making gifts to RMC. The Advancement Committee of the Board will adopt appropriate procedures to implement these policies.

#### **Responsibility to Donors**

- *General:* RMC, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for RMC.
- *Confidentiality:* Information concerning all transactions between a donor and RMC shall be held by RMC in strict confidence and may only be publicly disclosed with the permission of the donor.
- *Anonymity:* RMC shall respect the wishes of any donor preferring to support RMC anonymously and will take reasonable steps to safeguard the identity of the donor.
- *Disclaimer:* Each prospective donor to RMC shall be informed that RMC does not provide legal, tax or financial advice, and shall be encouraged to discuss all charitable gift planning decisions with his or her legal, financial or tax advisor before entering into any commitment to make a gift to RMC.

#### **Legal Considerations**

- *Compliance:* RMC shall comply with all local, state and federal laws and regulations concerning all charitable gifts it encourages, solicits or accepts. All required disclosures, registrations and procedures shall be made and/or followed in a thorough and timely manner.
- *Endorsement of Providers:* RMC shall not endorse legal, tax or financial advisors to prospective donors.
- *Finder's Fees and Commissions:* RMC shall not pay fees to any person as consideration for directing a gift by a donor to RMC.

- *Legal, Tax and Financial Advice:* RMC shall inform prospective donors that it does not provide, legal, tax or financial advice, and shall encourage prospective donors to discuss all charitable gift planning decisions with their own advisors before entering into any commitments to make gifts to RMC.
- *Preparation of Legal Documents:* RMC shall not prepare legal documents for execution by donors, except forms to create charitable gift annuities. RMC may provide model language, such as sample bequest language, gift agreements or charitable remainder trusts, but shall strongly encourage prospective donors to have this language reviewed by their own counsel.
- *Payment of Fees:* It will be the responsibility of the donor to secure an appraisal (where required) and to pay for the advice of independent legal, financial or other professional advisers as needed for all gifts made to RMC.
- *Service as Executor or Living Trust Trustee:* Unless approved in advance by the Chief Financial Officer (CFO), RMC will not agree to serve as executor of a decedent's estate nor as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- *Trusteeship:* RMC may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with RMC's gift annuity program. RMC may serve as trustee of charitable remainder trusts, provided that 100% of the remainder interest in the trust is irrevocably dedicated to RMC, and the charitable remainder trust meets the minimum standards set forth in the Gift Acceptance Procedures. RMC may serve as a trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Finance Committee of the Board of Trustees must approve trusteeship. RMC will not serve as co-trustee of a charitable trust.
- *Use of Counsel:* RMC shall seek the advice of legal counsel in matters relating to the acceptance of gifts when appropriate. Review by counsel is recommended for gifts involving: closely held stock transfers that are subject to restrictions; gifts involving contracts, such as bargain sales; reformation of charitable trusts; and transactions involving potential conflicts of interest.
- RMC shall be registered, as required, in any state where the college solicits gifts.
- No planned gift will be issued in any state other than Montana without first determining that such act is not subject to a licensing requirement or is a stated exception there from under provisions allowing issuance as an isolated transaction within that foreign jurisdiction. If licensing is required and it is deemed to be unjustifiably expensive and/or administratively cumbersome, the option of referring the transaction to one of our affiliated religious denominations for issuance under their exemptions or licenses will be explored. Regional

community foundations might likewise be consulted if the value of the prospective gift justifies doing so.

### **Gift Acceptance**

- *Implementation:* Gift acceptance, as outlined in these policies, is delegated by the Board to the Vice President for Advancement (the VPA) subject to restrictions discussed elsewhere. The VPA is authorized to accept all gifts permitted by this policy.
- *The Gift Acceptance Committee:* the GAC shall consist of the following members: the Advancement Committee Chair, VPA and CFO.
- *Approval of Exceptions:* Acceptance of gifts outside the scope of this policy requires the written approval of the GAC. The Vice President shall report all gifts accepted as exceptions to the policy to the Advancement Committee of the Board at its next regular meeting.
- *Gift Agreements:* RMC generally uses non-binding statements of intent to document gift commitments. GAC shall create and maintain samples for use by staff and volunteer leadership. All statements of intent shall include a short profile of the donor, the donor's commitment and timeframe for payments, RMC's commitment (including restrictions), how the completed gift will be managed, alternative use and saving language, stewardship, and donor recognition.

### **Gift Restrictions**

- **Unrestricted Gifts:** Donors shall always be encouraged to make unrestricted gifts to RMC.
- **Budgeted Programs or Facilities:** RMC may accept a gift that is restricted as to its use if RMC's approved budget for the year in which the gift is to be accepted includes proposed funding for a specific program, purpose or facility for which the restricted gift is made. The responsible gift officer must confirm that the gift restriction falls into this category.
- **Other Restrictions:** RMC may accept a gift that is restricted as to use if RMC's budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the VPA.
- **Variance Power:** Unless otherwise approved in advance by the VPA, RMC will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of RMC.

### **Pledges**

- *Binding Commitment:* The development staff will encourage donors wishing to make their gifts in installments over time to document their commitment to RMC in a written Pledge Agreement that will create a binding legal obligation on the donor,

as well as claim against the donor's estate if the commitment remains unpaid at his or her death. For donors wishing to retain more flexibility by making their commitment nonbinding, documentation shall be referred to as a "letter of intent" in order to avoid confusion with binding commitments documented as Pledge Agreements. Non-binding letters of intent shall not be counted as direct gifts.

- *Duration:* Unless a longer period is approved by the VPA, the Pledge Agreement will specify the installments in which the gift is to be paid over a period not to exceed three years. The Advancement Department is responsible for recording, acknowledging, billing and monitoring the status of all pledges and payments.
- *Donor's Estate:* Each Pledge Agreement shall provide that any portion of the donor's commitment remaining unpaid at the donor's death shall be a liability of the donor's estate enforceable by RMC.

### **Types of Property**

These assets may be considered for acceptance by RMC, subject to the following criteria:

- *Cash:* Acceptable in any negotiable form, including currency, check and credit card gifts.
- *Publicly Traded Securities:* Will be processed through RMC's asset manager.
- *Closely Held Securities:* Non-publicly traded securities may be accepted after consultation with the GAC. The GAC should seek counsel from an outside advisor when evaluating the gift.
  - Prior to acceptance, the GAC will explore methods and timing of liquidation of the securities through redemption or sale. GAC will try to determine:
    - An estimate of fair market value
    - Any restrictions on transfer
    - Whether and when an initial public offering might be anticipated
  - No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.
- *Life insurance:* A gift of a life insurance policy must be referred to the GAC. The GAC should seek the counsel from an outside advisor when evaluating the gift.
  - The GAC should accept a life insurance policy as a gift only if RMC is named as the irrevocable owner and beneficiary of the policy.
  - If the gift is a paid-up policy, the value for gift crediting and accounting purposes is the policy's replacement cost.
  - If the policy is partially paid-up, the value for gift crediting and accounting purposes is the policy's cash surrender value. If the donor elects not to continue to pay premiums, GAC may choose to pay the premium costs, convert the policy to paid status or surrender the policy for cash value.
- *Real Estate:* Any gift of real estate must be reviewed by the GAC. The GAC should seek the counsel from an outside advisor when evaluating the gift. The GAC should inquire as to the:

- Usefulness of the property to the mission
  - Marketability
  - Environmental hazards
  - Carrying costs
  - Restrictions, easements, or other limitations
- The donor normally is responsible for obtaining and paying for an appraisal of the property. The appraisal will be performed by a qualified, independent and professional appraiser.
- RMC reserves the right to require an environmental assessment of any potential real estate gift.
- The donor may be asked to pay for all or a portion of the following:
  - Maintenance costs
  - Real estate taxes
  - Insurance
  - Real estate broker's commission and other costs of sale
  - Appraisal costs
- For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate; however, this value may be reduced by costs of maintenance, insurance, real estate taxes, broker's commission and other expenses of sale.
- *Tangible Personal Property:* Any gift of tangible personal property shall be referred to the GAC prior to acceptance.
  - A gift of jewelry, artwork, collections, equipment, software or similar shall be assessed for its value to RMC which may be realized either by being sold or by being used in connection with the organization's mission.
  - Depending upon the anticipated value of the gift, a qualified independent appraiser may be asked to determine its value. Any such property shall be received by description until its true value shall be determined through its sale.
  - RMC shall adhere to all IRS requirements relating to acceptance and disposal of gifts of tangible personal property and will provide appropriate forms to the donor and IRS.
  - Appraisal shall be paid for by the donor.
- *Oil, Gas and other Mineral Interests:* RMC will accept gifts of oil, gas and other mineral interests when appropriate. GAC should seek the counsel from an outside advisor when evaluating the gift.
  - Gifts of surface rights should have a minimum value of \$5,000.
  - The gift should be evaluated for environmental concerns, liabilities or other considerations that may deem it inappropriate to accept.
  - If the gift is permanently restricted, the proceeds will be added to the investment pool.
- *Other Property:* Property not otherwise described in this section, whether real or personal, of any description (including but not limited to mortgages, notes,

contract rights, copyrights, patents, trademarks, and royalties) may only be accepted upon prior written approval of GAC.

- *Sale of Contributed Assets:* Care must be exercised by the organization to avoid the appearance of a conflict of interest in the sale or disposition of assets. Any sale of an asset to an employee or party affiliated with the college must be disclosed fully, approved by GAC, and in such cases the sale price will be not less than the fair market value as determined by accepted methods of appraisal that are appropriate for the asset. Assets being considered for such a sale must have been offered for sale to the general public.

- **Structured Current Gifts**

- **General Bargain Sales:** Bargain sale transactions other than charitable gift annuities may be accepted by RMC only with the prior written approval of the VPA and the CFO. Since bargain sale transactions require the outlay of funds by RMC, these transactions should be approved only in very limited circumstances.
- *Matching Gifts:* RMC will accept all matching gifts, subject to the terms and conditions of this policy.

- **Future Gifts**

- *Future Gifts Subject to a Payment Interest*
  - *Charitable Gift Annuities:* RMC offers immediate payment, deferred payment, commuted payment and flexible payment charitable gift annuities, provided:
    - Minimum funding amount: \$10,000
    - Maximum funding amount: 25% of total gift annuity pool [if pool is unrestricted]; (10% of total gift annuity pool if pool is restricted)
    - Minimum age(s): None (All proposals for donors with an average age under 60 shall include an option with a hedge against inflation)
    - Maximum number of lives: Two
    - Ultimate beneficiary: RMC for 100%, irrevocably
    - Payout rate: American Council on Gift Annuities recommended rates.
    - Payment schedule: Monthly, quarterly, semi-annual or annual
  - *Funding Assets:* Prior written approval of GAC is required for assets other than cash or publicly traded securities.
    - *Charitable Remainder Trusts When RMC Serves as Trustee:* RMC will serve as trustee of charitable remainder trusts, provided:
      - Minimum funding amount: \$100,000

- Maximum funding amount: None
- Minimum age: 60
- Maximum number of lives: Will be determined on a case by case basis.
- Ultimate beneficiary: RMC for 100%, irrevocably
- Payout rate: Per gift acceptance procedures (generally 5%-7%)
- Minimum charitable remainder: 25% of the funding amount (using the income tax charitable deduction methodology)
- Payment schedule: Monthly, quarterly, semi-annual or annual
- Funding assets: Prior written approval of GAC is required for assets other than cash or publicly traded securities, although a broader array of assets will be approved for a charitable remainder trust than a charitable gift annuity
- *Charitable Remainder Trusts when RMC is Not Trustee:* RMC will accept designation as charitable beneficiary of charitable remainder trusts that do not name RMC as trustee. Donors who create externally managed and trusteed trusts will be asked to provide RMC with a copy of the trust document and annual investment reports for record-keeping purposes.
- *Future Gifts Not Subject to a Payment Interest:*
  - Gifts by Will or Living Trust: Donors and supporters of RMC will be encouraged to designate RMC as a beneficiary of their wills or living trusts.
  - Retirement Plan, Life Insurance and Other Beneficiary Designations: Donors and supporters of RMC will be encouraged to designate RMC as beneficiary or contingent beneficiary of their retirement plans, life insurance policies and other accounts on which they can name a beneficiary.
- **Donor Recognition**
  - *General:* GAC and the Advancement Committee establish criteria for the recognition, honoring and stewarding of donors.
  - *Buildings:* Except in the case of naming opportunities that appear on a schedule approved by the Board, the advancement staff of RMC shall make no commitments to donors concerning the naming of buildings or facilities without the approval of the Board upon recommendation of GAC.
  - *Named Funds:*
    - General: A donor may establish a named endowment fund, subject to RMC's endowment, investment and spending policies, for general purposes

of RMC or for restricted purposes approved in accordance with these procedures.

1. Minimum Contribution: A named fund requires a minimum commitment of \$25,000. If a named fund can not be immediately funded in the amount of \$25,000, a pledge period not to exceed three years will be made available. Any fund not brought up to the level of \$25,000 within the maximum pledge period will be revisited by the VPA and may become subject to the Variance Power and Termination of Named Fund sections below.

- Administration of Named Fund: The assets contained within each named endowment fund shall be commingled for investment and administration with the endowment fund of RMC. All policies applied to those endowment funds, including the formula for spending from endowment funds, shall apply to all named funds.
- Variance Power: Unless otherwise approved in advance by the VPA, RMC will reserve the right, in the gift agreement creating the named endowment fund, to broaden or alter the restrictions as to the use of the endowment fund, should it be determined in the future that the original restricted purpose of the named endowment no longer meets the needs or serves the mission of RMC.
- Termination of Named Fund: A named endowment fund may be terminated if the Board of RMC, upon recommendation of the VPA, or the Chief Financial Officer, determines that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named fund shall be transferred to the general endowment fund of RMC to be administered pursuant to its terms.

- **Reporting and Valuation Standards**

- *Gift Reporting and Counting*: For outright gifts, RMC shall follow the *Council for Advancement and Support of Education (CASE) Reporting Standards and Management Guidelines for Educational Institutions*. For future gifts, RMC shall follow the [\*PPP Guidelines for Reporting and Counting Charitable Gifts\*](#). All exceptions to these standards shall be made by GAC.
- *Gift Valuation*: RMC shall follow the [\*PPP Valuation Standards for Charitable Planned Gifts\*](#). All exceptions to these standards shall be made by GAC.

- **Periodic Review**

- *Regular Review:* GAC shall review these policies in even numbered years to ensure that they continue to accurately describe the policies of RMC with respect to acceptance of charitable gifts, and shall propose to the full Board for ratification those revisions that GAC shall determine to be necessary or appropriate.
- *Special Review:* GAC shall initiate a supplemental review of these policies upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by RMC, or prior to the start of a formal fundraising campaign. All proposed changes shall be shared with the full Board for ratification.