



**GEORGE FOX  
UNIVERSITY**

**GIFT ACCEPTANCE POLICY**

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## INTRODUCTION

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As a non-profit religious educational institution, George Fox University (the “University”) is exempted from federal income tax liability by Internal Revenue Code Section 501(c)(3) and qualifies as a public charity under Internal Revenue Code Section 509(a). This Gift Acceptance Policy (the “Policy”) has been developed by members of the University’s Development Office and approved by its Board of Trustees (the “Board”) to outline the process for the University to follow when analyzing and accepting charitable gifts.

The Development Office is the University’s official fund raising agent, and exists to secure private charitable gifts on the University’s behalf. The goal of the Development Office is to assist individuals in developing a giving lifestyle. Our belief as Christians is that this goal is rooted in the Biblical principle that God is owner of all, and it is His plan that we be stewards over those assets He has entrusted to us. As the Scripture provides:

*The earth is the Lord's and everything in it, the world and all who live in it. - Ps. 24:1*

*Now he who supplies seed to the sower and bread for food will supply and increase your store of seed and will enlarge the harvest of your righteousness. You will be made rich in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God. This service that you perform is not only supplying the needs of God’s people but also overflowing in many expressions of thanks to God. - II Cor. 9:10-12*

Because of this belief, we have entered into a development program that encourages both giving during one’s lifetime as well as distribution of one’s estate at the time of death. The administration of gifts is a great responsibility, however, and should be entered into with the understanding that the needs and desires of the donor are to be both recognized and valued. As a University, we are called to be faithful stewards of the gifts that are entrusted to us, knowing that God will be faithful to use those gifts to carry out the mission He has called us to fulfill. It is our hope that this program also will be a ministry to our donors, considering each donor’s financial goals while explaining the benefits of charitable giving.

Accordingly, the processes outlined in this Policy are to be interpreted in light of two overriding principles:

**Principle 1**—*A gift may be encouraged and/or accepted by the University only if it is in the donor’s interest.* A determination of the donor’s “interest” includes but is not limited to the donor’s financial situation, philanthropic interests, and any tax or other legal matters revealed while planning for a gift.

**Principle 2**—*A gift may be encouraged and/or accepted only if there is a reasonable expectation that acceptance of the gift will benefit the University.*

While the Policy is intended to provide guidance to the University regarding acceptance of gifts, donors are ultimately responsible for ensuring that their proposed gift furthers their charitable, financial, and estate planning goals. Therefore, each prospective donor is advised to seek independent legal counsel and personal tax advice in the gift planning process. It is not within the province of the University or its staff to formally provide legal, accounting, tax or other advice to prospective donors, nor will the University act as personal representative or executor, or accept power of attorney, for any estate or individual unless otherwise provided in this Policy and as permitted under applicable law.

## ORGANIZATION

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It is the policy of the University’s Board of Trustees (“Board”) to encourage donors to make outright, planned and testamentary gifts to the University. Such gifts include but are not limited to bequests,

charitable gift annuities, charitable trusts, retained life estates, gifts of life insurance or retirement assets, interests in business entities (such as partnerships or closely-held stock), marketable securities, real and personal property, cash, and such other gift arrangements as the Board may approve.

#### **AUTHORIZATION**

The Development Office is authorized to create and maintain an effective program that seeks gifts on the University's behalf.

The Administration (which for purposes of this Policy is comprised of the President, Cabinet, the Executive Director of Development, and the Director of Planned Giving) is authorized to negotiate gift agreements with prospective donors without the approval of the Board, provided that this Policy is followed.

The University President, Vice President for Marketing and Advancement, and Vice President for Financial Affairs are authorized to sign gift agreements on behalf of the University.

#### **PURPOSE OF GIFTS**

Gifts must be given with a purpose that relates to the University's mission. When appropriate, a gift's specific purpose and the procedures for its administration may be defined in a letter or agreement signed by the donor.

#### **GIFT REVIEW AND ACCEPTANCE**

It is the responsibility of the Board to accept or decline all gifts to the University. The Board has delegated some of this responsibility to the Administration, within the parameters described in this Policy.

#### **ADVISORY COMMITTEE**

One or more Advisory Committees may be formed and meet as needed to assist the Administration and the Board in the development, review, revision, and execution of this Policy. The Advisory Committee may assist the Administration in reviewing specific gift plans and recommending exceptions to these policies when appropriate. Advisory Committee members recommended by the Administration should include representatives from the legal, real estate, accounting, and financial planning fields, as well as a delegate from the Board's Development Committee. Members are asked to serve as willing and as needed.

#### **AMENDMENTS**

The Development Office is responsible for reviewing this Policy as appropriate and submitting recommended amendments in writing to the Board for its review and approval. The Board has the final authority to adopt Policy amendments.

#### **USE OF LEGAL COUNSEL AND OTHER ADVISORS**

Prospective donors shall be advised to consult their attorney in all matters related to planned gift instruments such as wills, trusts, agreements, contracts, etc. If a University representative makes a referral to any attorney or other advisor, it shall be understood the attorney or advisor is retained to represent the donor's interests.

Prospective donors will be encouraged to seek independent financial and tax counsel regarding the completion of planned gifts. Although the University should not be in the position of giving tax advice, donors must be informed of certain consequences related to their gifts.

George Fox University staff or counsel may provide suggested language for trust or other gift documents, subject to review or utilization by the donor's own counsel. Suggested language pertinent to a bequest or other planned gift document may be provided by University staff to the donor, donor's counsel and/or

professional representatives. Certain planned gifts (gift annuities) require the use of standard forms provided by the university.

## **GENERAL POLICIES**

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### **PROFESSIONAL CONDUCT**

It is the University's desire that all of our authorized representatives, by virtue of their special responsibilities within the community, exemplify the highest standards of personal and professional conduct. Such conduct includes but is not limited to the following:

- Representatives are expected to follow both the letter and spirit of the laws affecting gift solicitation.
- Representatives must not grant or accept favors for personal gain, nor may they solicit or accept favors in exchange for gifts or to alter the terms of gifts to the University.
- All persons employed by the University to administer or promote giving to the University must be paid a salary or retained on a per diem or annual basis, and must not receive any commission or other compensation that constitutes or gives the appearance of an interest in any gift agreement.
- Representatives of the University must exercise caution to avoid engaging in pressure techniques or undue persuasion when dealing with prospective donors. The role of a representative is to inform, advise, and assist the donor with his/her estate and financial planning concerns as well as the fulfillment of his/her charitable objectives.

### **DONOR BILL OF RIGHTS**

The University endorses and subscribes to a Donor Bill of Rights (see [Appendix A](#)).

### **SPONSORSHIP VERSUS ADVERTISING**

Any payment from a person or person involved in a trade or business for the express purpose of sponsoring a university event shall be construed strictly as sponsorship and no part shall be considered advertising. Contributions received in this manner are made with the consent of both parties with no arrangement or expectation that the person will receive any substantial return benefit. Any use of that persons or businesses name will be used for recognition and acknowledgement only.

Sponsorship activities can include:

- Exclusive sponsorship (as opposed to exclusive provider) agreements;
- The sponsor's location, telephone number or internet address;
- Value-neutral descriptions, including displays or visual depictions, of the sponsor's product line or services;
- Displays of brand or trade names and product or service listings;
- Logos or slogans that are an established part of the sponsor's identity;
- Mere display of distribution (for free or at a cost) of the sponsor's product at a sponsored activity.

Sponsorship activities will not include:

- Qualitative or comparative language;
- Price information or other indications of savings or value;
- And endorsement or inducement to purchase, sell or use the sponsor's service, facility or product.

Furthermore, all sponsors will receive a written disclosure of their sponsorship minus the fair market value of any goods or services received in return. The fair market value will be itemized on the disclosure.

#### **CONFLICT OF INTEREST**

The interest of the donor comes before that of the University. Accordingly, no agreement may be made between the University and any donor on any matter related to investments, management, etc., that the University knows would jeopardize the donor's interest.

Care also must be exercised by the University to avoid the appearance of a conflict of interest in the sale or disposition of assets. Any sale of assets to an employee or party affiliated with the University for an amount less than fair market value must be disclosed and approved by the Board prior to sale.

#### **CONFIDENTIALITY**

The University recognizes that the donor has placed trust in us. Accordingly, except when otherwise required by applicable law, all background information obtained from or about donors or prospects is held in strictest confidence by the University; if a donor so requests and unless required by applicable law, the University also will not disclose publicly the name, amount, or conditions of a gift. Gift instruments generally are kept in a locked fireproof file, accessible only with the approval of the Administration.

#### **GIFT PLANNING RELATIONSHIPS AND COSTS**

When the university seeks tax, legal, charitable, or investment counsel in regard to gift planning proposals, document preparation, appraisals, and the actual completion of gift agreements with donors, such contacts will be on a full-disclosure basis with appropriate fees for professional services paid by the university.

While the University does not pay for a donor's appraisal of a gift asset or to have a donor's professional advisors draft or review documents, it may pay for costs associated with developing proposals, documents, and other materials that it deems appropriate.

#### **FINDERS' FEES AND COMMISSIONS**

The University does not pay a "finder's fee," commission percentage, or other "special compensation" to any parties for the procurement of gifts; likewise, it does not pay employees involved in the solicitation of gifts a fee based on the amount of funds contributed to the University. The University generally does, however, pay any normal and customary fees and commissions associated with the sale, transfer, or management of assets or property in which the University has acquired rights of ownership.

#### **GIFTS BROUGHT BY FINANCIAL AND LEGAL ADVISORS**

Any client relationship already established by a financial or legal advisor who introduces a donor or brings a gift to George Fox University will be honored by GFU when the gift complies with this policy and is consistent with the University's fiduciary responsibilities. In such cases, the advisor is expected to maintain confidentiality and protect other client-professional concerns as appropriate.

#### **UNIVERSITY INVESTMENTS**

Gifts are invested according to the policies developed by the Board's Investment Committee and approved by the Board. This applies without exception to the actions of contracted third party administrators who are managing assets of charitable trusts in which the University is named as trustee.

## MANAGEMENT OF TRUSTS

The University may consider serving in a management capacity for charitable trusts and other gift plans that are deemed to be compatible with the University's mission. The University may choose to serve as a trustee if it is designated as an irrevocable beneficiary of at least 25 percent, or a revocable beneficiary or at least 50 percent, of the trust remainder. The University may employ investment advisers, managers, and other agents as the University may deem advisable and may pay reasonable compensation for their services. All such management arrangements are subject to the approval of the Board, and also must conform to the terms of any pre-established third-party management firm.

## METHODS OF GIVING

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### GIFT TYPES

#### 1. *Cash and Cash Equivalent*s

The most common way to give to the University, cash gifts can take the form of currency, check or credit card contributions and may be delivered in person, by mail, by electronic funds transfer (EFT), or by wire transfer.

Checks should be made payable to George Fox University and mailed or delivered to:

George Fox University  
Development Office  
414 North Meridian Street, No. 6049  
Newberg, OR 97132

Credit card gifts (Visa and MasterCard) generally are acceptable. Gifts made by means of electronic funds transfer methodologies are acceptable.

#### 2. *Marketable Securities*

##### a. *Publicly Traded Securities*

Gifts of publicly traded securities (including but not limited to stocks and mutual funds) may be accepted by the University as provided in this Policy. Gifts of securities are valued at the average of the high and low price of the security on the date of the gift (date postmarked or hand-delivered, or when stock is received in the University's brokerage account). If the security is not traded on the date of the gift, the most recent prior day of market trading generally will be used for the valuation.

Unless specifically requested by the donor, the University's general policy is to liquidate gifted shares as soon as possible.

##### b. *Non-Publicly Traded (Closely Held) Securities*

Gifts of closely held securities of \$10,000 or less may be valued at the per-share cash purchase price of the most recent transaction (normally the redemption of the stock by the corporation). When no redemption has occurred during the reporting period, the University may choose to accept the valuation of a qualified independent certified public accountant (CPA).

The University may decline a gift of closely-held securities if it deems them difficult to value or not easily marketable. The merits of each individual security is evaluated for marketability, applicable restrictions, legal and/or other liabilities associated with the asset, carrying costs (such as administrative and legal fees), and risk of exposure to unrelated business income tax liability.

Appraisals of such securities are made in accordance with IRS Publication 561. Appraisal expenses are the donor's responsibility; unless special circumstances exist that make it appropriate for the University to share the cost.

### 3. *Business Interests*

Gifts of interests in business entities (e.g. partnerships, C-Corporations, S-Corporations, limited liability companies) may be acceptable if the gift satisfies the requirements of this Policy. In evaluating the gift proposal, the Board may consider among other factors the probability of conversion to a liquid asset within a reasonable period of time, projected income available for distribution and administrative fees, the type of interest, and the nature of the business from which the interest is derived. The University generally will not accept a gift that makes the University a principal in a joint venture or other business activity in which it would participate in the risks of operation or have any liability for the conduct of the business that exceeds its capital contributions (e.g. as a general partner, principal in a joint venture, or as an owner of a working interest).

The University may assess fees or negotiate terms with regard to any such gifts received. The University also must receive an annual tax filing or valuation for certain business interests (usually in the form of a K-1); this provides the basis for the University to book the asset, as required by applicable law.

### 4. *Real Property*

Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property, and mineral interests. The University generally disposes of all gifts of real estate as expeditiously as possible; however, if the donor does not want the University to immediately dispose of the property, an agreement must be made in writing between the University and the donor before the property can be accepted.

The Board may review a potential gift of real property only after a representative of the University or its property management affiliate examines the property (a walkthrough may be part of this examination). Such an examination includes but not limited to the following criteria (see also check list in [Appendix B](#)):

#### a. *Use of Property for University Purposes*

Approval may be given if the property is a financially sound investment for the University (especially in cases of commercial or income property) or is located in such a place that makes it particularly usable to the University and/or is compatible with its mission.

#### b. *Market Value and Marketability*

The Board must receive a current appraisal (not older than 60 days) of the property's fair market value, as well as the interest in the property the University would receive. Appraisals generally are provided and paid for by the donor.

If real property is accepted as part of a gift annuity or charitable trust, the property generally does not provide an income stream until it is liquidated. The Board, however, may determine that an annuity funded with real estate is appropriate for an immediate income payout if it is determined

that the size of the annuity pool, or the availability of other identified funds, and the time estimated for resale supports the decision.

*c. Environmental Issues*

Hazardous waste and other environmental issues can present serious problems to the owner of a property. A donor is under no legal obligation to inform the University of any problems associated with a gift of land. It is the responsibility of the University to determine the liabilities associated with the acceptance of any gift.

University staff or delegated representatives shall conduct an inspection of the site and complete a property information worksheet for real estate gifts. The primary purpose of the site inspection is to determine if there are any obvious unacceptable financial, legal, environmental, marketing, or public relations risks associated with acceptance of the property.

Based upon this site inspection the potential risk related to environmental hazards related to any property will be determined prior to acceptance by the University. Should a risk of environmental liability be ascertained based upon prior use or other factors, the university may engage an independent technical consultant to complete a Phase I Environmental Site Assessment report, as a minimum.

For land in Oregon, the donor also may be asked to provide a Groundwater Hazard Statement prior to property transfer.

Potential gifts of interests in mining or oil and gas properties (and any other gift that the University deems appropriate) should be inspected prior to acceptance by a properly licensed or certified professional as may be required to demonstrate due diligence and care in clearing the property as free from contamination.

*d. Limitations and Encumbrances*

The University generally accepts encumbered property only if an evaluation demonstrates that the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.

*e. Carrying Costs*

The donor must disclose the existence and amount of any carrying costs (e.g. owner's association dues, transfer charges, taxes, and insurance). The donor is responsible for the costs associated with the conveyance and delivery of the gift.

*f. Depreciation*

If the donor has taken accelerated depreciation in excess of straight-line prior to making the gift, the donor is responsible for making any recapture payments to the IRS.

The University also may accept trust deed notes and mortgages as gifts. A qualified appraisal generally determines the value of the gift, taking into account the unpaid principal balance, the interest rate payable under the loan, and the current interest rates.

**5. Personal Property**

The University may consider gifts of personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, or computer hardware and software, only after a

review indicates that the property is either readily marketable or needed by the University for use in a manner which is related to education, research, or otherwise to assist the University in completing its mission.

a. *Valuation*

Gifts of personal property are valued at their full fair market value. Gifts with fair market values exceeding \$5,000 are reported at the values placed on them by qualified independent appraisers; gifts equal to or less than \$5,000 may be reported either at the value declared by the donor or by the value placed on them by a qualified individual on the faculty or staff of the University. Title to the gift property should be clear, unencumbered, and properly documented.

The Administration also must approve compatibility, maintenance, storage, and transportation costs prior to accepting any gift.

b. *Use of Property After Donation*

A donor should consider whether the University will be permitted to use or display the property. Even if used and/or displayed, the University reserves the right to sell or otherwise dispose of the property at any time if such action is financially advisable or necessary.

## **OUTRIGHT GIFTS**

Outright gifts are given to the University for its immediate use; the donor retains no interest in the gift. These gifts may be either restricted or unrestricted in purpose, and may be made in the form of cash, cash equivalents, marketable securities, or real or personal property.

## **PLANNED GIFTS**

Planned gifts are established either through a legal estate document (i.e. a will or living trust) or another charitable income vehicle. These gifts are counted by the University at the time the University's interest becomes irrevocable, but the proceeds generally are not distributed for use by the University until maturity.

Planned gifts include charitable bequests, charitable gift annuities, charitable remainder unitrusts, charitable remainder annuity trusts, charitable lead trusts, gifts of retirement plans, gifts of life insurance, retained life estates, and bargain sale arrangements. Each type is addressed in further detail below.

### **1. Charitable Bequests**

Donors may make charitable bequests to the University through wills, trusts, and/or other instruments that are payable on death. A bequest may be accepted when compatible with University's mission and as described in this Policy.

When naming the University as a beneficiary of a charitable bequest, phrasing similar to the following should be used: "I give (the sum of \$\_\_\_\_\_) (percentage of the estate) (the following described property: \_\_\_\_\_) to George Fox University, a non-profit public benefit corporation of the State of Oregon, to be used to further its purposes as the Board of Trustees in their discretion may deem appropriate." If applicable, any designation preferred by the donor should be included in this description.

If the bequest is designated for a restricted purpose, the following language should be incorporated: "This bequest may be combined with the university's other funds for purposes of investment and reinvestment and shall be used by George Fox University in support of **(a specific area of interest)**."

"If at any time in the judgment of the Board of Trustees it is impractical or impossible to carry out this purpose, then the Board of Trustees of the George Fox University may use this bequest for such other purposes as shall be determined by the Board of Trustees to be consistent with my interests and intentions."

a. *Wills*

The most common planned gift is made through a will, in which a donor may choose to designate the University either for a specific bequest or as a residual beneficiary. While a donor does not receive an income tax deduction for a gift made by will, the donor's estate will receive an estate tax charitable deduction.

b. *Trusts*

A trust is a legal entity that owns, manages and distributes property for the trust creator. Trusts generally secure management assistance from a third party while providing income to the creator and/or another party for a specified period or life.

- **Revocable Trust:** In establishing a Revocable Trust, the creator reserves the right to revoke any or all of the trust assets in the event he/she needs them. While a creator does not receive an income tax deduction for a transfer made to the trust, the creator's estate will receive an estate tax charitable deduction if the trust contains a charitable bequest.
- **Irrevocable Trust:** If the creator will never need the trust assets, he/she may make the trust irrevocable to obtain an immediate income tax deduction.

The University may provide trust management and serve as trustee in certain situations. See below for more information on specific trust types.

c. *Other Payable-on-Death Instruments*

Beneficiary designations also may be made on IRAs, retirement plans and other non-qualified assets. Upon the donor's death, ownership passes to the charitable beneficiary with little or no delay and without the costs of probate. While an income tax deduction is not allowed for the donor, the donor's estate will receive an estate tax deduction.

## 2. *Charitable Gift Annuities*

A charitable gift annuity is a non-trust agreement in which a donor gives an asset to the University in exchange for a stream of tax-favored payments for the rest of the donor's and/or a designated person's lifetime; accordingly, the actual "gift" to the University has a value significantly less than the value of the asset. Donors may obtain an immediate income tax deduction of the gift portion of the annuity.

a. *Acceptable Annuity Types*

The University generally accepts current gift annuities of at least \$5,000 (which begin payments within one year of the gift date) and deferred gift annuities of at least \$10,000. Gift annuity agreements are limited to the duration of one or two lives. The minimum age for immediate payment gift annuities shall be 55.

Deferred payment gift annuities shall be established in accord with the criteria, rates, and factors recommended by the American Council on Gift Annuities. Lump sum / college gift annuities may be established by a donor based upon the life of an annuitant other than the donor – these plans will be limited to one life gift annuities. The annuitant of a lump sum gift annuity plan, prior to the beginning of annuity payments, may elect to exchange the value of the annuity payments for a lump sum distribution or installment payments.

The University may accept annuities that benefit other charities, so long as the annuity allows for at least a 50 percent remainder to the University.

b. *Acceptable Annuity Assets*

Assets with which a donor may fund an annuity generally are limited to cash and publicly traded securities, unless previously approved by the Board. Annuities funded with real estate must consider the holding and marketing costs associated with real estate; if the annuity is accepted, these costs may lower the dollar value available to secure the annuity by the University (residential property may incur a 7-10 percent cost of disposal, while nonresidential or undeveloped property may incur a 10-13 percent cost of disposal).

c. *Annuity Rates*

Annuity rates offered by the University will be the current recommended rates provided by the American Council on Gift Annuities as a matter of general practice. Under limited circumstances the University may offer an annuity rate up to .3 higher than the recommended rates. Donor(s) may elect to receive a lower payout rate if it better achieves their income and charitable objectives.

d. *Face Value and Tax-Free Payment Portion*

The current Applicable Federal Rate (AFR) is used to determine the charitable gift portion of annuity face value and the tax-free portion of the annuity payment. In determining this calculation the current month's rate as well a two previous months may be used.

f. *Treatment of Annuity Assets*

When an annuity is issued by the University, the annuity payment becomes a general obligation of the University. The University may choose to purchase an annuity from an insurance company to secure the payments, or it may hold the funds and issue the payments directly. The decision as to whether a specific annuity will be reinsured through an insurance company or paid directly will be made by the vice president for financial affairs in consultation with the director of planned giving.

The annuity pool is invested in such a way as to maximize interest income necessary to meet the annuity payment. Both the gift portion and the annuity portion of the University's gift annuities are pooled in a single account unless applicable law requires separate reserve investments. At the death of the annuitant, the proceeds are directed for use at the discretion of the Board unless otherwise provided in this Policy or stated in the annuity contract.

g. *Allocation of Proceeds*

The proceeds or remainder of the annuity generally must be allocated for unrestricted use unless given to an established endowed scholarship or the annuity has a face value greater than \$50,000. This gift portion is subject to the same policy as outright gifts regarding gift fees and minimum amounts for named accounts (see [Allocation of Gift Proceeds](#) for more information).

h. *Income Payments*

Income payments usually are made from the annuity pool on a quarterly basis, but may also be made on a semi-annual or annual basis; for annuities above \$50,000, monthly payments may be issued. Normal payment dates are as follows:

- Monthly annuities: End of each month

- Quarterly annuities: March 31, June 30, September 30, and December 31
- Semi-annual annuities: June 30 and December 31
- Annual annuities: December 31

If an annuity begins between scheduled payment dates, pro-rata payments generally are made on the next scheduled payment date.

Approximately once each year, the University recalculates the total estimated present value of all future annuity payments; the discount rate used for this calculation is based on the rates recommended by the American Council on Gift Annuities. If the balance in the annuity pool is less than the total estimated liability, the University may transfer funds from its unrestricted operating account to make up the difference. If the balance in the reserve account is greater than 125 percent of the total estimated liability, the University may, at its discretion, transfer the excess to its unrestricted operating account.

*i. Administrative Fee For Split-Beneficiary CGAs*

*The University may administer a gift annuity in which it is less than 100% beneficiary. To help recover the costs associated with management and administration of such a gift the account may be charged a fee of up to .5% per annum on the account value. Additionally, any cost incurred in setting up the gift annuity may be split with the other charitable beneficiary(ies) based upon remainder ratios*

*j. Annuity Contracts and Registration Requirements*

The University complies with applicable state requirements for the issuance of gift annuities. Most gift annuities benefiting the University are established in Oregon, California, Idaho and Washington. GFU gift annuity agreements are standardized forms that must include the value of the property to be transferred (gift amount), type of asset contributed, annuity payment amount, age of the annuitant(s), reasonable value of the annuity, and remainder designation.

### **3. Charitable Remainder Unitrusts (CRUT)**

A CRUT provides for payment to the donor and/or beneficiary of a varying amount at least once a year equal to a set percentage (not less than 5 or more than 50 percent) of the trust assets' fair market value, valued annually. This percentage is determined at the time the trust is created, is stated in the trust, and is permanent. Following the termination of these payments, the charitable remainder must be transferred to or held in trust.

*a. Acceptable Trust Assets*

A CRUT may be funded with cash, stock, real estate or a combination of these assets. Those funded with a single, lump-sum contribution must have an initial value greater than or equal to \$100,000; otherwise, an initial \$5,000 investment and a firm intent to continue contributions to increase the trust value to at least \$100,000 within five years is required.

Property which is not a listed security or a security traded "Over the Counter" may not be accepted if it does not have an income flow sufficient to meet the payout factor of the trust, or have sufficient liquidity with which to make up any deficit in income. If non-income producing property with a "net income only" clause is accepted, an additional gift from the donor to cover the trustee fees, real estate taxes, and out-of-pocket expenses is expected.

b. *Age Restrictions*

Trust beneficiaries must be at least fifty (50) years of age at the time the trust is created, unless the trust is for a term of years.

c. *Treatment of Trust Assets*

The trust assets are invested according to “Statement of Investment Policies, Objectives, and Guidelines” as established by the University’s Investment Committee.

d. *Income Payments*

Income payments are based on a fixed percentage of the annual market value of trust assets and vary in amount based on the fair market value of the assets and/or the actual income earned. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the University. Payments may be set for life or for a term not over 20 years or a combination of life and a term of years.

Government regulations require that charitable remainder trusts provide a minimum 10% present remainder value for charity at the time of the gift. It is intended that charitable remainder trusts in which George Fox serves as trustee will be designed to yield a net present value at maturity of not less than 50%. Calculation of net present value will consider a reasonable return over time, growth of trust assets, allowance for management expenses, and discount (inflation) factor in accord with practices of similar charitable organizations. Exceptions may be considered in light of such factors as assets involved, size of gift, potential for additional gifts or additions to the unitrust, age, and life expectancy.

e. *Applicable Fees*

Trust administration fees are calculated based on beginning year value and are assessed on a monthly basis. Total fees for trusts in which the University is named as an irrevocable beneficiary include administration at 75 basis points and \$350/year for tax return preparation. For trusts in which the University is to serve as trustee and remain a revocable beneficiary, an administration fee is assessed at a rate of 125 basis points (based on the January 1 value each year).

All trusts must contain language that allows the assessment of administration, advisory, and management fees.

#### 4. *Charitable Remainder Annuity Trusts (CRAT)*

A CRAT is similar to a CRUT except that the designated income beneficiary(ies) receives a fixed payout at least annually (not less than 5 percent or more than 50 percent of the initial value of the trust corpus) that is fixed irrevocably at the time of the gift and is stated in the trust agreement. Income in excess of the annual payment is added to the principal, but will not increase the payment. Unlike a CRUT, additional contributions may not be made to a CRAT after payments have commenced.

A CRAT must be funded with a minimum contribution of \$100,000. Income payments may be set for life or for a term not over 20 years **or a combination of life and a term of years.** . The donor may designate a maximum of two life income beneficiaries, both of whom must be at least sixty (60) years of age at the time the trust is created. Following the termination of income payments, the remainder must be transferred to or held in trust for the University.

Unless otherwise indicated in this section, CRATs are subject to the same general policies as CRUTs (detailed in Section 3 above).

#### 5. *Charitable Lead Trusts (CLT)*

A CLT is designed to make periodic payments to the University for a period of several years, after which the trust terminates and its assets pass to a designated non-charitable beneficiary(ies) outright or in trust. Major gift donors often use charitable lead trusts to fulfill pledge agreements with cash, stock, or real estate (or a combination of these assets). A CLT must be funded with a minimum contribution of \$250,000.

Unless otherwise indicated in this section, CLTs are subject to the same general policies as CRUTs (detailed in Section 3 above).

#### 6. *Wholly Charitable Trusts*

A wholly charitable trust is one that is held for the benefit of charity, where the principal is invested and the income is distributed to charitable organizations. All interests in income and principal are irrevocably dedicated to charitable purposes (as opposed to a charitable remainder or lead trust). While it is similar in that sense to an endowment fund, it is created as a free-standing entity.

Unless otherwise indicated in this section, wholly charitable trusts are subject to the same general policies as CRUTs (detailed in Section 3 above).

#### 7. *Gifts of Retirement Plans*

To name the University as primary or contingent beneficiary of one's retirement assets, a Change of Beneficiary form must be completed indicating the amount or percent to give to the University. Retirement assets include but are not limited to IRAs, TSAs, and 401k Plans.

#### 8. *Gifts of Life Insurance*

Gifts to the University through life insurance policies are very beneficial gift options for donors and the University. Life insurance often enables a donor to provide what is ultimately a much larger gift when compared to a cash gift a donor may be able to provide. A gift of life insurance is considered a gift of ordinary income property.

There are four primary ways that life insurance can be utilized as a charitable gift to benefit the University.

- a. Transfer an existing policy to the University as owner and beneficiary (in whole or part). The gift is accomplished with an absolute assignment form obtained from the insurance company.
- b. Purchase of a new policy with George Fox University as applicant, owner and irrevocable beneficiary. The donor is responsible for making all premium payments to the life insurance policy, including additional payments required if interest rates or market performance fall below expectations. Premium payments may be made either in a lump sum or annual payments for a period of not more than ten years. Premium payments are in reality cash donations to the University, which in turn makes the premium payments to the insurance company. The donor makes a pledge to make regular gifts to cover the premium payments. Cash or negotiable securities may be accepted for premium payments.

If a donor is unable to cover the premium payments due to insufficient dividends or other factors, the University may decide to pay no further premiums and consider the policy paid-up at current

level of insurance; surrender the policy for the cash value and use the funds as designated by the donor; or use University resources to pay the insurance premium. This decision generally is based upon several factors, including but not limited to the donor's age, death benefit amount, amount of paid-up insurance, premium amount, and number of premiums remaining.

- c. A policy in which the donor retains ownership and designates George Fox University as a beneficiary or contingent beneficiary of the policy. In this case, the donor retains ownership of the policy, so there is no immediate tax deduction available for the donor. The University encourages beneficiary designations of insurance policies, and is very grateful for such thoughtful donors.
- d. Life insurance may be utilized to provide a benefit to heirs when assets are contributed to the university. Through an irrevocable life insurance trust, heirs of the donor and/or the University may receive additional benefits through the donor's estate plan.

### 9. *Retained Life Estates*

Donors may transfer their personal residence, vacation home, or farm by deed to the University during the donor's lifetime and retain usage of the property for life. A deed with a life estate provision is executed. Upon the donor's death, the University receives the property to use as needed or as directed in the life estate agreement. At the donor's passing the property is entirely owned by the University.

The donor retains the rights and privileges of having the use of the home or property. The donor receives any income that the property produces – the income must be reported for tax purposes.

Unless specific terms are agreed upon prior to the establishment of the agreement, the donor remains responsible for the upkeep and maintenance costs, property taxes, and insurance associated with the property. Each life estate agreement is unique and there may be times when it is appropriate for the university to assume such costs in light of the overall benefit of the property for the university.

Since a life estate agreement involves a gift of real property, the guidelines applicable to real estate must be followed.

At some point following the establishment of the life estate, the donor may wish to move from the property or terminate his/her interest in the property. At that time the donor may be credited with an additional gift or GFU may consider the purchase of the remainder interest, recalculated under the terms of a bargain sale or planned gift agreement.

It is possible to combine a charitable gift annuity with a life estate agreement in order to provide an income stream to a donor. This process is also called a charitable gift annuity for a remainder in a home. The home is placed into a life estate agreement and becomes a gift to the university. Using IRS formulas, a "remainder value" is calculated which reflects the value of the asset the resident will not utilize during his/her life expectancy.

The "remainder value" becomes the amount that funds a gift annuity from the University. A tax deduction is available based upon government-established formulas. The University pays the gift annuity out of other institutional assets set aside in the gift annuity pool. Such agreements are subject to the guidelines governing gift annuities.

- George Fox University will accept the gift of a home, vacation home, or farm as part of a life estate agreement in which the donor retains an interest for life whenever the condition of the

- property, projected term of the donor's interest, number of life estate holders, and circumstances of the property's remainder value provide a positive gift value for the University. The minimum age of a life tenancy beneficiary at the time of the gift will be 55.
- Such a transfer is conditioned upon the life tenant accepting a contractual obligation to remain responsible for the upkeep and maintenance costs, repairs, property taxes, mortgage payments, and insurance associated with the property, unless specific terms have accepted by the university prior to the gift.
  - There should be a reasonable expectation that the property can be sold within one year after the life tenant's death or relinquishment of his/her interest in the property.
  - Charitable gift annuity agreements for remainder interests in residences/vacation homes shall be limited to two lives and the minimum age for participants shall be 75, except for extenuating circumstances when the donor's life expectancy is established to be ten years or less.
  - Upon the maturity of a life estate/gift annuity, or upon the sale of property associated with life estate and/or gift annuity, funds expended to provide the annuity payments will be repaid prior to any funds being distributed in accord with the terms of the gift agreement.

#### **10. Bargain Sale Arrangements**

A bargain sale is a sale of property for less than its fair market value; when such a sale is made to a qualified charitable organization like the University, the excess of the fair market value of the property over the sales price becomes a charitable contribution. A bargain sale may be utilized when the donor wants to maximize his/her charitable deduction but needs some funds or an installment income stream from the sale of the property. Concerns of liquidity, marketability, holding costs, environmental contamination, and liability must be considered before entering into any bargain sale agreement. The contributed portion must be identified and separated from funds used to create any outlay of cash or income stream that the purchase agreement may require.

#### **11. Private Grants and Contracts**

Private grants are revenues received by the University from individuals, industry, foundations, governments, and other sources for the support of University programs/projects. Such grants are like gifts – they are donative in nature and are bestowed voluntarily without expectation of any tangible benefit in return. Contracts/research agreements, on the other hand, are restricted payments received by the University from various contractors, made in accordance with the terms of contracts entered into by the University to conduct specific programs. These are not considered gifts, and therefore not subject to this policy.

The difference between a private grant and contract should be judged on the basis of the intention of the awarding agency and the legal obligation incurred by the University in accepting the award. A grant, like a gift, is bestowed voluntarily and without the expectation of any tangible compensation. A contract carries an explicit "quid pro quo" relationship between the source and the University. Private grants generally are booked through the Development Office.

#### **12. Pledges**

A pledge represents a donor's commitment to give a specific dollar amount according to a fixed time schedule. Pledges usually are made in writing; pledges received through a phonathon, however, need not be in writing. The following information normally must exist to substantiate a written pledge:

- Specific pledge amount

- Clearly defined payment schedule
- Absence of contingencies or conditions
- Inclusion of promissory language (such as “promise”, “agree”, “will”, “binding”, or “legal”)

Pledges that do not meet these requirements must have prior approval by the Administration.

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## **GIFT ACCEPTANCE PROCESS**

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### **GIFT CATEGORIES**

Each potential gift is classified in one of two general categories, based on the level of risk associated with accepting the gift.

#### **1. Gifts of Significant Risk**

- Cash or securities listed on the New York Stock Exchange, the NASDAQ Stock Market, or the American Stock Exchange with a fair market value equal to or greater than \$1 million
- Other securities not listed on the New York Stock Exchange, the NASDAQ Stock Market, or the American Stock Exchange
- Any property—not already address above—with a fair market value equal to or exceeding \$250,000
- All conditional pledges
- All gifts of items not already addressed in this policy, gifts with questionable value, or gifts that contain significant donor restrictions as determined by the Board

#### **2. Gifts of Low Risk**

- Cash or securities listed on the New York Stock Exchange, the NASDAQ Stock Market, or the American Stock Exchange with a fair market value less than \$1 million
- Any property not identified in the “Gifts of Significant Risk” section (above) with a fair market value less than \$250,000

### **ACCEPTANCE PROCESS**

Gifts of low risk may be reviewed and approved by the Administration without additional review by the Board. Gifts of significant risk are subject to the review and approval of Board, with the assistance of any Advisory Committee(s) that may be organized and functioning.

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## **ENDOWMENT FUNDS**

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Endowment funds are those intended to be invested in perpetuity to provide income for continued support of a not-for-profit organization. The University may approve the establishment of a special purpose endowment fund upon receipt of a gift or commitment that meets the approved funding levels and criteria established for the endowment. There are several types of endowments. The most commonly accepted are:

#### **1. ENDOWED SCHOOL**

An endowed academic school may be established with total commitments of \$10 million.

## **2. ENDOWED CHAIR**

An endowed academic department chair normally may be established with a total commitment of \$2 million, with an objective mutually agreed upon by the donor and the University. Each endowed chair supports one designated faculty position. The goal is not to build a larger faculty, but rather to call and retain the very best professors as department chairs while lifting our student's tuition burdens. Income from each endowed chair permanently underwrites the compensation for the faculty position, a portion of any support staff associated with that faculty position, and expenses associated with the position.

## **3. ENDOWED PROFESSORSHIP**

A fully endowed academic professorship normally may be established with a total commitment of \$1 million, the objective of which should be mutually agreed upon by the donor and the University. Endowed professorships provide a way to recruit highly respected professors, provide funds for specialized research conducted by current professors, or support the development of an untenured but promising professor. Income from the endowed professorship provides faculty compensation, underwrites faculty research, and covers any expenses associated in developing and cultivating a faculty member's development.

## **4. FELLOWSHIPS**

A fellowship normally may be established with a minimum endowment of \$50,000, with an objective mutually agreed upon by the donor and the University. A fellowship enhances the classroom experience by encouraging hands-on learning and provides the financial resources necessary for a student to participate in a learning environment outside the classroom as part of the student's major discipline.

## **5. ENDOWED SCHOLARSHIPS**

An endowed scholarship normally may be established with a minimum endowment of \$25,000.

## **6. OTHER ENDOWED FUNDS**

The University works with prospective donors on the terms and conditions of other endowment funds, so long as those funds are used to support programs and activities approved by the University. Such an endowment normally may be established with a minimum commitment of \$25,000. Because conditions can change over time, all endowment agreements should contain the following contingency clause:

“If circumstances should arise in the future that make it illegal, impossible, or impracticable to use the gift for the purpose specified above, then the President of the University may submit a request for modification of this purpose to the Board. If the Board determines that such modification is prudent and consistent with the donor's original intent, it may authorize the use of the proceeds from the gift for the modified purpose. In the event of such modification, the donor's name will continue to be associated with the fund.”

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## **NAMING OPPORTUNITIES**

### **1. DONOR-NAMED CAMPUS BUILDING OR FEATURE**

Opportunities for naming campus buildings or features may occur during a construction or remodeling project when a designated pledge is made to help supplement the cost of the project. Buildings or building features without names also may be named as a result of an unrestricted contribution to the

University. Naming provides an excellent opportunity to recognize a major donor or memorialize a donor's family member or loved one. Buildings or features that may be named include but are not limited to the following: academic labs, athletic complexes, athletic fields, atriums, new or newly-renovated buildings, classrooms, courtyards, gardens, lecture halls, lobby areas, newly-renovated areas, residence halls, and technology centers.

## 2. REQUIREMENTS

For a naming opportunity, the gift usually must provide for at least half of the cost of construction or renovation of the specific building or feature. For features such as classrooms, the cost of the specific room is determined by a ratio of cost per square foot for the entire project multiplied by the total square feet comprised by the room. Limits may vary during a capital campaign and will be established in the campaign policy document. The Board reserves the right to approve names on facilities and/or programs regardless of gift size or status, taking into account whether the donor or honoree exemplifies the values and ideals cherished by the University.

## MEMORIAL AND HONORARY GIFTS

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Memorial and honorary gifts are encouraged by the University as generous and thoughtful ways to recognize people's lives and accomplishments. When a memorial gift is made, the deceased individual's next of kin is notified by the University if he/she can be located through a reasonable search; for an honorary gift, the honored person is notified in the same manner.

## ALLOCATION OF GIFT PROCEEDS

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### 1. UNRESTRICTED GIFTS

Unrestricted gifts are those given to the University where the donor has not specified the purpose for which the gift is to be used. All unrestricted gifts of less than \$100,000 are placed in the Annual Fund and redirected at the discretion of the Administration to the area of greatest need. Undesignated gifts over \$100,000 are recommended to the Board for consideration and allocation.

### 2. RESTRICTED GIFTS

Restricted gifts are those given to the University where the donor has specified that the gift is to be used to support a particular purpose. A gift may be restricted by a donor to be used for a specific program, and either designated or undesignated as to purpose within that program. For example, a gift may be restricted to the engineering program, but either designated or undesignated as to use in that setting. Where the restrictions imposed by a donor are reduced to writing and require agreement by a University official, as in the case of trust agreements, such agreements may be signed on behalf of the University by the Administration.

Restricted gifts or pledges of \$500 or more per year increase the existing recipient department/program's budget by the amount given. A report of restricted gift income and expense normally is provided to the appropriate budget manager until the gift is fully expensed. Gifts or pledges of less than \$500 per year, however, generally are used only to underwrite the existing budget of the recipient department/program, except when the gift is given to an authorized gift club (such as the Bruin Club and the Friends of Fine Arts) or to individual co-curricular programs as needed to fund authorized trips or special activities.

The University strives to honor designated gifts the fullest extent possible; however, under certain circumstances, the Administration may need to fund individual department budgets by using otherwise-

designated gifts. In such cases, the University normally takes reasonable steps to notify the donor of the change in designation.

### **3. MATCHING GIFTS**

A matching gift is a contribution to a charitable organization by an employee that is matched by a similar contribution from his or her employer. Many corporations have employee matching-gift programs in higher education that encourage their employees to give to the college or university of their choice.

Matching gifts received by the University as the result of a donor's contribution(s) generally are directed to the same fund as the donor's gift, unless specified otherwise by the donor or the contributing company.

### **BOARD MEMBER CONFLICT OF INTEREST**

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Board members shall remain independent in the gift review process by refraining from decisions related to any gift in which they or their immediate family stands to gain. Any fees paid to or commissions received by a board member for services provided in the course of completing a gift must be reasonable, ordinary and fully-disclosed.

### **DISSOLUTION**

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In the unlikely event that the University ceases operations, all current and future assets given or pledged to the University would be subject to the provisions set forth in the University's bylaws.

## Appendix A

### DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes that they are asked to support, we declare that all donors have these rights.

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

#### **DEVELOPED BY:**

American Association of Fund Raising Counsel (AAFRC)  
Association for HealthCare Philanthropy (AHP)  
Council for Advancement and Support of Education (CASE)  
Association of Fund Raising Professionals (AFP)

#### **ENDORSED BY:**

Independent Sector  
National Catholic Development Conference (NCDC)  
National Committee on Planned Giving (NCPG)  
National Council for Resource Development (NCRD)  
United Way of America