



## GIFT ACCEPTANCE POLICY

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## I. PURPOSE AND PRINCIPLES

### A. *Purpose of the Gift Acceptance Policy*

The University of Puget Sound (“university” or “Puget Sound”) has achieved its current distinction thanks in significant part to the gifts of alumni, parents, foundations, corporations, and other contributors in support of its educational mission. This document defines the policies adopted by the university’s board of trustees to ensure that such gifts are appropriately solicited, accepted, used, and stewarded. Its purpose is to protect the interests of Puget Sound and its supporters by clarifying the types of gifts that are and are not acceptable to the university and the conditions under which gifts may be solicited and accepted.

### B. *Principles*

Puget Sound’s fund-raising activities are guided by the following principles:

#### 1. ENSURE GIFTS ARE BENEFICIAL TO THE UNIVERSITY.

Gifts solicited and accepted by the university should be:

- a. **Authorized:** All fund-raising efforts conducted in the name of University of Puget Sound shall have the approval of the president and trustees of the university. Responsibility for executing fund-raising strategies is usually delegated to the vice president for university relations, within the provisions of approved gift acceptance policies.
- b. **Related to mission:** Puget Sound staff and volunteers shall solicit and accept gifts in support of Puget Sound’s educational mission.
- c. **Providing benefit:** Puget Sound shall not seek or accept gifts that provide insufficient financial benefit to the university, that might reasonably harm the reputation or assets of the university, that violate university policies, or that are prohibited by law.
- d. **Given with minimal restrictions and alternate uses:** The most useful gifts are those with fewest restrictions. When working with donors on a gift agreement, solicitors should strongly encourage the use of preferences, rather than restrictions, to ensure flexibility to the university in the future, and should strive in every instance to include an “alternative use” clause that will provide the university with further flexibility.
- e. **Given without compromising the university’s independence of operations:** Although the university may wish to consult with donors in the administration of some gifts, Puget Sound will not accept gifts that compromise academic freedom or

the institution's authority over admissions, faculty appointments, teaching, research, investment policies, or its other activities. Gifts which may not meet this criterion are expected to be reviewed by the gift acceptance committee before any commitment is made to a prospective donor.

- f. **Given with commitment to fulfill:** Generally, pledges to give (other than annual fund pledges) must be documented in writing with wording that makes it clear that the pledge commitment is binding and payable within five or fewer years.

## 2. ENSURE DONORS ARE RESPECTED AND FULLY INFORMED.

Donors are to be respected and fully informed by:

- a. **Consistent adherence to ethical standards:** Puget Sound makes every effort to ensure that gifts to the university are in the best interests of the donor as well as the university. Representatives of Puget Sound are expected to comply with Puget Sound policies including but not necessarily limited to this policy, Puget Sound's Code of Conduct, and the Conflict of Interest Policy. Representatives of Puget Sound are also expected to abide by relevant laws and appropriate ethical codes and donor bills of rights developed by relevant professional organizations such as the Council for Advancement and Support of Education (CASE), the Association of Fundraising Professionals (AFP), the Association of Professional Researchers for Advancement (APRA), the Partnership for Philanthropic Planning (PPP), and others. Although university staff and volunteers may provide assistance and advice about gifts to prospective donors, they should always communicate clearly that ultimate responsibility regarding appraisals, tax implications, and legal and estate planning issues belongs to the donor.
- b. **Clear communications regarding use:** Donors should be clearly informed about the intended use of their gifts. Puget Sound staff and volunteers will represent the expected use and impact of proposed gifts accurately, while striving to maintain flexibility in the university's commitment to donors so that assets can be used effectively by Puget Sound over time.
- c. **Full disclosure regarding life income agreements:** Prospective donors of life income agreements will be provided, in advance, with essential disclosure statements and information about the university's investment practices and performance. Puget Sound will also encourage donors to consult with their spouse/partner and their financial advisor and will make it clear that they represent the university and its interests and that they are not offering tax or investment advice.
- d. **Written documentation of donor preferences:** Donors may occasionally make gifts or pledges to Puget Sound while reserving the right to identify their preference for the purpose or use of the gift at a later time. Development staff will work closely with donors to ensure that donor preferences or restrictions are secured in writing within a reasonable period of time, ideally before the end of the current fiscal year.
- e. **Notification of university compliance with IRS regulations:** Donors shall be informed that Puget Sound accepts and processes gifts in accordance with IRS regulations.

### 3. ENSURE APPROPRIATE, COST-EFFECTIVE STEWARDSHIP OF GIFTS.

- a. **Prudent fiduciary management of gifts:** The university shall exercise its fiduciary duties in processing, administering, managing and liquidating gifts. Where possible, the standard of the prudent investor will be applied for deferred gifts and those not subject to immediate liquidation.
- b. **Asset management plans for illiquid assets:** Prior to acceptance of any illiquid asset, such as real estate, the university shall create an asset management plan that identifies the best strategy for maintaining, marketing, and liquidating the asset. The asset management plan will be reviewed annually and updated as needed. The executive vice president and chief financial officer (or their designated financial officer) is responsible for reporting annually to the investment subcommittee or, for real estate, to the real estate subcommittee, on the status of all asset management plans.
- c. **Consideration of donor interest in the impact of gifts:** The Office of University Relations shall honor donor generosity by periodically updating donors on the impact of gifts, where appropriate.

## II. RESPONSIBILITIES

### A. *For Setting Policy and Priorities*

#### 1. BOARD OF TRUSTEES

The university's fund-raising priorities are established by the president and by the board of trustees, in consultation with the senior staff of Puget Sound.

#### 2. FINANCE AND FACILITIES COMMITTEE OF THE BOARD OF TRUSTEES

- a. **Annual review:** The finance and facilities committee of the board of trustees is responsible for reviewing this Gift Acceptance Policy periodically (typically on an annual basis) and acting upon recommendations brought forward by staff or other board committees.
- b. **Effective implementation:** The finance and facilities committee ensures that appropriate policies governing gift acceptance are in place and that these policies are being effectively implemented through the gift acceptance committee, investment subcommittee, and/or real estate subcommittee. The finance and facilities committee understands its fiduciary responsibility to use appropriate care and prudence in establishing and adhering to this Gift Acceptance Policy.
- c. **Reporting on recommendations not accepted:** The finance and facilities committee will report to the full board of trustees if the committee does not accept a change recommended by the development and alumni relations committee.

#### 3. DEVELOPMENT AND ALUMNI RELATIONS COMMITTEE OF THE BOARD OF TRUSTEES

The development and alumni relations committee of the board of trustees is responsible for reviewing this Gift Acceptance Policy annually and recommending changes to the finance and facilities committee.

#### 4. INVESTMENT SUBCOMMITTEE OF THE FINANCE AND FACILITIES COMMITTEE

The finance and facilities committee may choose to delegate review of this Gift Acceptance Policy to its investment subcommittee. The investment subcommittee is responsible for reviewing the Annual Report on Deferred Giving Arrangements, Non-Pooled Endowments, and Other Contributed Assets, which identifies deferred, illiquid, or other contributed assets held.

### B. *For Executing Policy*

#### 1. INVESTMENT SUBCOMMITTEE OF THE FINANCE AND FACILITIES COMMITTEE

- a. The investment subcommittee will evaluate the suitability of any gifts of operating businesses (other than commercial real estate), such as professional practices or closely held businesses, and any gifts of real estate recommended by the real estate subcommittee to be held for investment.

#### 2. REAL ESTATE SUBCOMMITTEE OF THE FINANCE AND FACILITIES COMMITTEE

- a. **Large or complex real estate gifts:** The real estate subcommittee of the finance and facilities committee oversees and evaluates potential gifts of real estate that may expose the university to a higher than normal element of risk related to liability, liquidity, tax, effective investment management, or reputation. All real estate gifts with an estimated value of \$5,000,000 or more shall be evaluated by this committee prior to acceptance.
- b. **Evaluation of real estate to be held for investment:** The real estate subcommittee is also responsible for evaluating the asset management plan for any gifts of real estate that the gift acceptance committee recommends as potential investments for the university's endowment and for submitting to the investment subcommittee any investment recommendation regarding real estate gifts.
- c. **Member qualifications:** Members of the real estate subcommittee shall have investment backgrounds and expertise in real estate. The majority of members shall be trustees.
- d. **Responsiveness:** The real estate subcommittee is intended to be structured to respond quickly to requests from the gift acceptance committee for review of proposed gifts of real estate.
- e. **Outside consultants:** The real estate subcommittee will consider the advice of outside consultants where appropriate.

#### 3. GIFT ACCEPTANCE COMMITTEE

The gift acceptance committee is designed to facilitate the acceptance of a broad range of gifts, while ensuring that gifts conform to this Gift Acceptance Policy. The gift acceptance committee is charged with evaluating all gifts that are funded with assets other than cash or liquid marketable securities that have restrictions that are not aligned with institutional priorities, that may not provide sufficient financial benefit to the university, or that may place its reputation at risk. Deferred gifts, other than gift annuities funded with liquid assets and trusts meeting the requirements described in Section III.C.3 and funded with liquid assets, shall be reviewed by the gift acceptance committee.

- a. **Responsibilities:** The gift acceptance committee is tasked with the following responsibilities:
- i. Developing strategies for maximizing the benefit of the gift to the university and to the donor;
  - ii. Evaluating and minimizing the risks of accepting a gift, particularly of real estate;
  - iii. Determining whether bequests, other than cash and liquid marketable securities without unusual restrictions, should be accepted;
  - iv. Determining the suitability of the structure for the gift (outright, retained life estate, charitable remainder trust, gift annuity, bargain sale transaction);
  - v. Determining the advisability of accepting gifts with unusual restrictions;
  - vi. Ensuring that the liquidity of the asset proposed aligns with the intended use of the gift;
  - vii. Evaluating the asset management plan for illiquid assets and determining whether the proposed gift is a potential investment for the university;
  - viii. Engaging the real estate subcommittee for any gift of real estate that
    - is estimated at more than \$5 million;
    - is considered a potential investment for the endowment;
    - involves a limited partnership interest or other indirect ownership interest in real estate;
    - may be held for some period due to unfavorable market conditions, a minority interest, illiquidity, or other reasons;
    - requires a complex structure for acceptance;
    - is encumbered by a mortgage that may present UBTI or other taxation issues for the university;
    - has reputational or public relations implications for the university such as historic properties, qualified conservation properties, environmentally sensitive properties supporting wildlife habitat, or properties perceived to have benefit to the general public; or
    - has other risks associated with it that the gift acceptance committee considers significant.
  - ix. Engaging the investment subcommittee for any gift of an operating business (other than commercial real estate) and for any gift the real estate subcommittee recommends for investment;
  - x. Consulting with the board of trustees, prior to acceptance, should a particular gift be of a sufficient magnitude or complexity or when the relationship with the donor is particularly sensitive;
  - xi. Recommending changes to this Gift Acceptance Policy to the investment subcommittee of the board of trustees.
- b. **Members:** The gift acceptance committee shall consist of the following members:
- President
  - Vice President for University Relations
  - Executive Vice President and Chief Financial Officer
  - University gift officer as appointed by the Vice President for University Relations
  - University financial officer as appointed by the Executive Vice President and Chief Financial Officer

- When considering real estate gifts estimated at more than \$1,000,000 and less than \$5,000,000, an ad hoc representative of the real estate subcommittee who shall also be a member of the Board of Trustees
- c. **Quorum:** A quorum shall consist of a simple majority of members, at least one of whom shall be a financial officer and at least one representative of university relations.
- d. **Administration:** The gift acceptance committee shall be administered by the office of university relations.
- e. **Consultation:** The gift acceptance committee shall seek and consider the advice of legal counsel, or other consultants and subject matter experts in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:
  - Transfers of closely held stock and other ownership interests that are subject to restrictions or buy-sell agreements;
  - Documents naming the University of Puget Sound as Trustee;
  - Gifts involving contracts, such as bargain sales or other documents requiring the university to assume an obligation;
  - Transactions with potential conflict of interest that may invoke IRS sanctions;
  - Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.

#### 4. THE PRESIDENT

As the principal executive officer of the university, the president is responsible for ensuring compliance with the Gift Acceptance Policy. Under this authority, the president has delegated to the Office of University Relations staff the acceptance of liquid assets funding outright gifts, gift annuities, or trusts, and having no restrictions or having only restrictions clearly supporting the university's mission and strategic plan. All other assets and gifts shall be reviewed by the gift acceptance committee.

The president has delegated the management, ongoing administration, and liquidation of illiquid assets and of deferred gifts to the executive vice president and chief financial officer in consultation with the vice president for university relations and in conformity with approved asset management plans. The president has delegated the above responsibilities subject to a right of review.

#### 5. VICE PRESIDENT FOR UNIVERSITY RELATIONS

- a. **Fund-raising plans.** The vice president for university relations bears primary responsibility for developing fund-raising plans and for translating fund-raising priorities into specific gift opportunities, though these activities are conducted in the context of broad consultation with the president, Puget Sound's senior staff, the executive vice president and chief financial officer, the gift acceptance committee, members of the university relations staff, and the real estate subcommittee, the investment subcommittee, and the development and alumni relations committee of the board of trustees.
- b. **Gift Solicitation.** University relations (OUR) staff are responsible for:
  - i. Identifying, cultivating, and soliciting donors whether they are individuals or organizations;

- ii. Properly acknowledging all the university's benefactors and building and maintaining strong relationships with them;
  - iii. Explaining the benefits and limitations of various gift opportunities available to donors including outright gifts, deferred (split interest) arrangements, estate gifts and other gift vehicles;
  - iv. Ensuring that the use restrictions and structures of gifts are in accordance with the University of Puget Sound's policies and applicable laws and are properly documented;
  - v. Gathering data from donors and providing analysis of offered assets to allow the university to make an informed recommendation regarding the acceptability of any proposed gift;
  - vi. Accepting approved forms of liquid assets that are funding outright gifts that do not require gift acceptance committee approval;
  - vii. Providing the executive vice president and chief financial officer with completed trust, gift annuity and estate-related documents for execution.
- c. **Acceptance of trusts, gift annuities and bequests:** The vice president for university relations (or their designee), in consultation with the executive vice president and chief financial officer (or their designated financial officer) as needed, is authorized to accept trusts, gift annuities, and bequests that do not require gift acceptance committee approval.
- d. **Administration of the gift acceptance committee:** OUR staff are responsible for administration of the gift acceptance committee.
- e. **Unusual restrictions:** When prospective donors propose restricted major gifts not covered by the university's fund-raising priorities or that do not clearly replace expenditures already being made from the university's funds without donor restriction, development officers or volunteer solicitors must seek the advice of the vice president for university relations, who will obtain the agreement of the gift acceptance committee before authorizing acceptance of the gift.
- f. **Charitable Gift Annuity agreements:** A university gift officer, as appointed by the vice president for university relations, will work with legal counsel and the appropriate state authorities to ensure that the university's gift annuity contracts are written in compliance with applicable state law.

## 6. EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

- a. **Execution of documents.** The executive vice president and chief financial officer, or their designated financial officer, is authorized to sign trust, gift annuity, and receipt and other estate closure documents on behalf of the university.
- b. **Administration and liquidation.** The executive vice president and chief financial officer is delegated the responsibility of managing and liquidating illiquid gifts, as well as administering and ultimately liquidating deferred gifts to the University of Puget Sound. In exercising these responsibilities, the executive vice president and chief financial officer will ensure compliance with the university's policies. The administration, management, and disposition of the asset shall conform to the asset management plan.
- c. **Initial Due Diligence.** The executive vice president and chief financial officer, with assistance from staff, is responsible for reviewing any information provided by university relations staff and supplementing any recommendation with appropriate

due diligence procedures to the extent necessary to provide the gift acceptance committee, investment subcommittee, and/or the real estate subcommittee with adequate information to make an informed decision. Such due diligence may include, but is not necessarily limited to, environmental assessments, marketability studies, cost and risk assessment, and legal and ethical considerations. The executive vice president and chief financial officer shall consult with the vice president and university counsel and/or external legal counsel as needed. For gifts, such as real estate, that might be held for some period by the university, either as an investment or because liquidation cannot take place immediately, an asset management plan shall be presented to the gift acceptance committee, investment subcommittee or real estate subcommittee as part of the initial due diligence.

- d. **Ongoing due diligence and reporting.** The executive vice president and chief financial officer, with assistance from staff, shall evaluate the effectiveness of asset management plans and recommended amendments to the committee or subcommittee that originally approved the gift. The executive vice president and chief financial officer, or their delegate, shall provide the investment subcommittee and real estate subcommittee with ongoing information regarding assets held.
- e. **Grants.** Puget Sound frequently responds to grant initiatives proposed by various charitable foundations and encourages faculty and, when appropriate, staff members to seek grants from corporations, foundations, and government granting agencies. Because such grants often incur an obligation on the part of the university to match or supplement grant expenditures or to sustain initiatives seeded by grants, such proposals must have the support of the applicable vice president and must receive the written approval of the executive vice president and chief financial officer prior to submission. The application and approval process for both private and public source grants is detailed in the Grant Proposal Approval Policy maintained in the Office of Corporate and Foundation Relations.

### III. FORMS OF GIFTS

Many types of assets may be donated to the university, but gifts take one of three general forms: outright gifts, pledges, or deferred gifts. Conditions for acceptance of assets vary according to the form of the gift and are described below.

#### A. *Outright Gifts*

##### 1. LIQUID AND READILY MARKETABLE ASSETS

- a. The following assets are acceptable as outright gifts by OUR staff without minimum thresholds if in US dollars:
  - i. Cash, checks, electronic transfers, credit card gifts, and payroll deductions;
  - ii. Common stock, mutual funds, bonds or other securities that can be readily converted to cash;
  - iii. Paid-up life insurance policies, eligible for immediate liquidation.
- b. The gift acceptance committee will evaluate other liquid and readily marketable assets, including foreign currency and digital currency, considering costs, benefits, and risks, and may establish minimum thresholds.

##### 2. REAL ESTATE

Acceptance of a wide range of gifts of real estate supports the university's mission and strategic plan by:

- Enabling donors to make larger gifts than they may have envisioned by providing them with potential tax benefits, particularly relief from tax on substantial capital gains;
- Providing donors with a tax-effective means of monetizing real estate, through the use of deferred gift vehicles;
- Providing donors with a means of monetizing real estate when real estate markets are relatively illiquid;
- Providing the university with an alternative method of acquiring strategic real estate that supports the goals of the university's campus master plan;
- Providing the university with a potentially attractive investment for the endowment fund.

The university recognizes that gifts of real estate involve risks greater than those associated with gifts of more liquid assets. Risks associated with the acceptance of real estate include:

- *Illiquidity risk.* Real estate is not a liquid asset. The ability to market and sell a real estate asset is impacted by market conditions and property-specific characteristics.
- *Liability risk.* Environmental liability, nuisance risks or other liabilities exist that are specific to real estate.
- *Management & Operational risk.* Real estate involves ongoing management and may require capital and the ability to hold through periods of negative cash flows in order to maximize returns.
- *Reputational risk.* Tenant profiles, local neighborhood issues and development trends may impact the reputation of the university.
- *Donor Satisfaction.* The nature and complexity of real estate may lead to donor dissatisfaction regarding transfer execution, asset management, and subsequent disposition.

Real estate includes improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property, farms, and timberland, whether held outright or through a partnership or corporate structure and whether a full or undivided interest.

- a. All prospective gifts of real estate shall be reviewed by the appropriate committee to ensure the gift meets donor and university objectives.
- b. The university will consider for acceptance outright gifts of real estate with a value in excess of \$150,000.
- c. Outright gifts of real estate will be accepted only after approval of the gift acceptance committee or the real estate subcommittee, and by the investment subcommittee if to be held for investment, as defined in Responsibilities (Section II).
- d. Staff of the Office of University Relations may accept, subject to due diligence and final approval by the gift acceptance committee, residential real estate estimated at less than or equal to \$1,000,000 as outright gifts or with retained life estate provisions.

- e. The university retains the right to sell all gifts of real estate unless it is determined the real estate has strategic value to university or is suitable to hold for investment.
- f. Prior to the acceptance of a gift of real estate the gift acceptance committee or its designees shall complete due diligence to include, at a minimum:
  - Marketability review
  - Property appraisal or broker's market assessment;
  - Title review;
  - Environmental assessment;
  - Property inspection;
  - Review for strategic and/or reputation issues.
- g. The university shall identify a source of funds to cover the holding costs of owning a property (including property management, maintenance, utilities, insurance, capital repairs and leasing fees) if the property is likely not to be sold because of market conditions, its investment potential, or for any other reason.
- h. The university shall not accept gifts of real estate having environmental liability that cannot be remediated on a cost-effective basis or cannot be determined with reasonable certainty.
- i. The university shall obtain title insurance for all gifts of real estate.
- j. All real estate shall be conveyed with a deed in a form acceptable to the university. The university may take title to a gift of real estate in the form of a limited liability corporation.
- k. Upon transfer of any gift of real estate the executive vice president and chief financial officer will arrange for the management and/or sale of the real estate in accordance with the university's Real Estate Asset Management Policies and Procedures.
- l. The gift acceptance committee or real estate subcommittee may approve exceptions to these requirements if it is deemed that the exceptions would be in the best interest of the university.

### **3. ILLIQUID OR LESS LIQUID ASSETS OTHER THAN REAL ESTATE**

The following assets are among those that may fund outright gifts once approved by the gift acceptance committee or applicable board committee as defined in Responsibilities (section II):

- a. Common stock, mutual funds, bonds or other securities that cannot be readily converted to cash;
- b. Promissory notes;
- c. Assignment of promissory notes;
- d. Intellectual property including patents, royalties, trademarks, and copyrights
- e. Professional practices (medical or legal);
- f. Partnership interests;
- g. Restricted stock;
- h. Stock in closely held or private corporations;
- i. Mineral rights;
- j. Commercial annuities;

- k. Tangible personal property, such as vehicles, collectibles, and art. Gifts of tangible personal property which the university intends to sell must have a minimum estimated value of \$10,000.

**B. Pledges**

**1. FORM OF PLEDGE**

- a. Written pledges, signed and dated by the donor, are required before a commitment can be officially recorded by the university or counted in any fund-raising totals. Oral annual fund pledges may also be counted in fund-raising totals.
- b. Whenever possible, written pledges will include the payment schedule, the purpose of the gift, wording which makes the commitment binding (including testamentary language), the name of any new endowed fund, and any preferences/restrictions.

**2. PLEDGE MINIMUMS**

- a. **Multi-year pledges:** Multi-year pledges to the Puget Sound Fund are accepted when the pledge of up to five years will entitle the donor to membership in one of the recognized societies of donors (\$1,000 or above each year the pledge is in force).
- b. **Capital pledges:** Capital pledges, whether for endowment or facilities, must meet a minimum threshold of \$5,000 per year and are typically payable within five years.
- c. **Exceptions:** Exceptions to pledge minimums must be approved by the vice president for university relations.

**3. ACCEPTABLE ASSETS IN PAYMENT OF PLEDGES**

Pledges may be met by any of the assets acceptable for outright gifts, with the same constraints and review requirements.

**4. PLEDGE PAYMENT SCHEDULES**

<b>Single-year annual fund pledges</b>	<b>Payable within fiscal year in which pledge is recorded</b>
<b>Multi-year annual fund pledges</b>	<b>Payable in annual installments up to five years</b>
<b>Capital pledges—endowment</b>	<b>Payable within five years</b>
<b>Capital pledges—facilities</b>	<b>Payable within five years</b>

Exceptions to pledge period maximums for annual fund and endowment gifts must be approved by the vice president for university relations (or their designee); exceptions for capital pledges for facilities must be approved by the executive vice president and chief financial officer (or their designated financial officer).

## C. *Deferred Gifts*

### 1. BEQUESTS

Puget Sound encourages donors to include the university in their estate plans for bequests, whether with or without donor restriction.

- a. **Acceptance of bequests of cash or liquid marketable securities:** Bequests in the form of cash or liquid marketable securities may be accepted by the vice president for university relations (or their designee), provided restrictions are not unusual. All other bequests shall be evaluated by the gift acceptance committee. In all cases, receipt and other estate closure documents shall be executed by the executive vice president and chief financial officer (or their designated financial officer).
- b. **Administration of receipt of bequests:** The university gift officer designated by the vice president for university relations is responsible for overseeing gifts that are coming to the University of Puget Sound through probates.
- c. **Acceptance of other bequests:** Bequests of real property or illiquid assets or those with unusual restrictions must be evaluated by the gift acceptance committee using the guidelines specified in the outright gifts section above. It may be in the university's best interest to disclaim some bequests or ask the estate to sell them before distribution.
- d. **Verifiable accountings:** The university requires a verifiable statement of assets prior to accepting any residuary or percentage-based distributions from terminating trusts and estates.
- e. **University as executor:** Development officers should encourage prospective donors to discuss in advance any designation of university staff as executors and should recommend, in cases where this role is to the university's benefit, that potential executors be designated by title rather than name. Donors should understand that these responsibilities may be delegated to an appropriate staff person or legal representative of the university.

### 2. CHARITABLE SPLIT-INTEREST TRUSTS

Puget Sound works with donors to generate charitable lead trusts (CLTs) and charitable remainder trusts (CRTs), including unitrusts (CRUTs) and annuity trusts (CRATs). These trusts either distribute to the university or provide it with an income stream, while a taxable beneficiary receives either an income stream or the assets on termination.

- a. **Acceptance of charitable trusts:** The gift acceptance committee must review and approve proposed trusts for which the university will serve as trustee prior to acceptance of the trusteeship, if the trust is funded with other than liquid assets or does not conform to the requirements listed in Section III.C.3.b below. The executive vice president and chief financial officer (or their designated financial officer) is authorized to sign trust documents on behalf of the university and shall decide in consultation with the vice president for university relations whether Puget Sound is willing to serve as trustee for those trusts not requiring gift acceptance committee review.
- b. **Requirements for university to serve as trustee:** The following policies apply only to trusts for which the university is the trustee or for which the university accepts the role of successor trustee.

- i. *Irrevocable*: Puget Sound accepts and counts as gifts CLTs and CRTs which are irrevocable and in which the university has an irrevocable distribution (CLT) or remainder (CRT) interest.
  - ii. *Meets IRS requirements*: The university may serve as trustee of CRTs and CLTs when such trusts meet IRS requirements and other applicable conditions, including but not necessarily limited to the use of acceptable assets to fund the trust, a minimum remainder interest of 50%, and an acceptable payout rate and actuarial horizon or term relative to the assets gifted into the trusts.
  - iii. *Minimum values*:
    - Charitable lead trusts may be established at a minimum funding level of \$100,000.
    - Charitable remainder trusts may be established at a minimum funding level of \$100,000 if they meet the following criteria:
      - a. Payout rate: The payout rate is 5%;
      - b. Number of beneficiaries: There are no more than two income beneficiaries, none below the age of 60;
      - c. University's remainder interest: The university has an irrevocable gift interest of 50% of the remainder, if Puget Sound is to serve as trustee.
      - d. Present value: The present value of the university's remainder interest should be 25% or more of the original gift value but not less than \$25,000, demonstrating strong charitable intent.

Exceptions to these minimum requirements may be made by the gift acceptance committee where other considerations suggest that such a trust would be beneficial to the university.
  - iv. *Restrictions on remainder distributions*: Any restrictions regarding use of the remainder interest shall fall within the university's normal restrictions.
  - v. *Acceptable enabling instruments*: Trust documents for either CRTs or CLTs can be drafted by either the donor's attorney (in which case the university's legal counsel must review them before signing) or by the university's own legal counsel. If Puget Sound's legal counsel drafts the documents, a university gift officer, as appointed by the vice president for university relations, must advise donors to have them reviewed by their own legal and tax counsel and sign a statement acknowledging receipt of this advice. The university will bear its own legal costs if its legal counsel drafts or reviews the trust document.
  - vi. *Indemnification from other remaindermen*: If Puget Sound is not the sole remainder beneficiary, the university must obtain a written agreement with other remaindermen, before accepting trusteeship, regarding Puget Sound's investment practices and indemnifying the university against legal action for its management of the trust. Exceptions to this requirement for indemnification may be made by the gift acceptance committee where other considerations suggest that such a trust would be beneficial to the university.
  - vii. *Additions to existing trusts*: Additions to existing trusts of cash or marketable securities may be made at any time. Additions of other assets require approval by the gift acceptance committee.
- c. **Review of charitable trusts naming the university as successor trustee**: If OUR staff is aware of planning for a trust for which the university may be designated

successor trustee, the gift acceptance committee should also review such a trust and make recommendations. Prior to acceptance of any successor trusteeship, the gift acceptance committee must confirm that the trust meets the requirements for the university to serve as trustee. As a condition of acceptance, the prior trustee shall provide full indemnification for acts or omissions occurring during their trusteeship. The executive vice president and chief financial officer (or their designated financial officer) is authorized to sign trust documents accepting successor trusteeship on behalf of the university.

- d. **Assets acceptable for funding charitable split-interest trusts:** All assets acceptable as outright gifts may be considered for funding of a split-interest trust, provided they conform to IRS and any other statutory requirements.
- e. **Management and administration of charitable split-interest trusts:** The university, when serving as trustee, manages and administers trusts under the following guidelines:
  - i. *Investments:* The university may use investment counsel for guidance in investing trust assets. The actuarial horizon, the liquidity requirements, beneficiary payout, and tax considerations will be evaluated in determining the asset allocation for the trust.
  - ii. *Administration:* The university may administer trusts in-house or may engage the services of a third-party administrator. At the request of donor trustees, the university may administer trusts for which it is remainderman and named successor trustee. In such cases, written agreements for services shall include appropriate indemnification for the university.
  - iii. *Fees:* Individual trusts shall bear the cost of administration and management of the trust. Trust documents shall allow for fees and expenses to be charged to trust income or principal.
  - iv. *Costs of converting illiquid assets held in trust:* Puget Sound accepts trusts funded with real property or other illiquid assets for CRTs and CLTs when such gifts are approved by the gift acceptance committee. Donors of such assets must be informed that the trust will bear any costs of owning, maintaining, and/or converting the trust assets to cash (e.g., taxes, repairs, assessments, insurance, maintenance, selling expenses, and other expenses which may be customary or dictated by local or state law). Puget Sound may not be compelled to make capital improvements or otherwise invest resources in the property unless exceptions are approved by the gift acceptance committee.
  - v. *Annual accounting:* The income beneficiaries and charitable remaindermen of any trust managed by Puget Sound shall receive an annual accounting of the trust and other reports as may be required by law.

### 3. CHARITABLE GIFT ANNUITIES (CGAs)

Charitable gift annuities are contracts between the university and a donor. The donor makes a gift of assets to the university in exchange for a fixed payment during the life (lives) of the annuitants specified in the contract.

- a. **Acceptance of charitable gift annuities:** CGAs funded with cash or marketable securities and given without restriction or restricted to endowment for general financial aid may be accepted by the vice president for university relations (or their designee) and shall be executed by the executive vice president and chief financial officer (or their designated financial officer). The gift acceptance committee must review and approve proposed CGAs funded with any other assets or given with restrictions.
- b. **Requirements for charitable gift annuities:** CGAs, either deferred or current, must meet the following requirements to be accepted by the university.
  - i. *Rates:* Puget Sound offers CGAs at the annuity rate suggested by the American Council on Gift Annuities (ACGA) at the time the gift is funded. If the university proposes a lower rate than the ACGA rate, the donor will be informed of the ACGA rate in writing. CGAs funded with less liquid assets such as real estate will be offered a lower rate to cover the costs of liquidation.
  - ii. *Number of annuitants:* Under IRS regulations, there may be no more than two annuitants.
  - iii. *Memorandum of understanding:* A memorandum of understanding shall be prepared in conjunction with each CGA issued, specifying the donor's preference for the use of the funds released when the contract terminates. If the donor has no restricted purpose, the memorandum shall so state.
  - iv. *Minimum value:* Charitable gift annuities must have a minimum funding level of \$10,000. The gift acceptance committee may consider an exception if it is not the donor's first CGA with Puget Sound and is determined beneficial to the university. CGAs funded with less liquid assets may require a higher minimum, as proposed by the gift acceptance committee.
- c. **Assets acceptable for funding charitable gift annuities:** All assets acceptable as outright gifts, as well as real property with a retained life interest, may be considered for funding of a charitable gift annuity, provided they conform to IRS and any other statutory requirements.

### 4. GIFTS OF REAL PROPERTY WITH RETAINED LIFE ESTATE

The gift acceptance committee is tasked with evaluating any proposed gifts of real property with retained life estate, under the following guidelines:

- a. **Value:** The property has an estimated value in excess of \$150,000.
- b. **Marketability:** The property is highly marketable.
- c. **Location:** The property is located within a geographic area conducive to inspection by the university.
- d. **Competent life tenant:** The life tenant or a third party has demonstrated the ability to assume full responsibility for all utilities, maintenance, insurance costs, property taxes and other property holding costs.

- e. **Written exit plan:** A written plan, agreed to by the donor, has been created for the steps to take should the donor need or wish to vacate the property.

Property with strategic significance will be given priority for acceptance.

## 5. LIFE INSURANCE POLICIES

- a. **Acceptable policies:** Life insurance policies (other than term insurance) where the life insurance company providing the insurance has a rating of A or better are acceptable. Gift credit and a contemporaneous acknowledgement (receipt) may only be provided when Puget Sound is identified as both the owner and beneficiary of the policy.
- b. **New life insurance policies:** In the case of gifts of new life insurance policies that require the continued regular payment of premiums, it is the responsibility of the donor to provide the necessary gifts and matching gift paperwork, if applicable, for premium payments before the premium is due. If the gift to cover a premium payment is not received by the deadline set by the insurance company for the premium to be paid, the policy will be cashed out and net proceeds received will be used in accordance with donor preferences and university policy. Annual premiums will be receipted similarly to outright gifts. Neither endowment funds nor building projects will be activated based on the gift of a new policy.
- c. **Paid-up life insurance policies:** Paid-up life insurance policies are considered outright gifts and will generally be surrendered for cash value on receipt.

## IV. VALUATION OF GIFTS

Gifts will be valued according to the university's campaign gift accounting guidelines, as approved by the president, the vice president for university relations, the executive vice president and chief financial officer, and the development and alumni relations committee of the board of trustees. These guidelines are typically reviewed and updated as part of the planning for capital campaigns. All financial recordkeeping will be coordinated between the vice president for university relations (or other appropriate representative of university relations) and the executive vice president and chief financial officer or their designated financial officer.

## V. GIFT RESTRICTIONS

Puget Sound does not accept gifts with restrictions that violate the university's policies, values, or standards, or with restrictions that are so narrow as to compromise the usefulness of the gift. In cases where the suitability of a restricted gift is not clear, the gift acceptance committee will evaluate the proposed restriction.

### A. *Donor Intent*

#### 1. CLARIFICATION OF DONOR INTENT

When there is no indication of the donor's intended use of the gift, the appropriate development officer (in most cases the assigned prospect manager or the director of donor relations) will contact the donor to clarify and document their intentions.

#### 2. GIFTS TO FINANCIAL AID

Gifts to financial aid valued at \$10,000 or more and that have not been specified by the donor as to whether they are immediately expendable or intended for endowment may be designated by management as an addition to quasi-restricted endowment for financial aid. Gifts to financial aid of less than \$10,000 will be treated as immediately expendable.

### 3. UNACCEPTABLE RESTRICTIONS

When a donor makes an unsolicited outright gift for an intended use that is not acceptable to the university, the vice president for university relations (or their designee) will contact the donor to negotiate an acceptable use of the gift. If a mutually agreeable use for the gift cannot be determined, the gift will be returned.

### 4. RESTRICTED BEQUESTS

Bequests with donor-imposed restrictions are subject to the acceptance and naming policies outlined in the University of Puget Sound's policy on named gifts.

## B. *Restricted Endowments*

Endowments that support professorships, scholarships, student and faculty research fellowships, and other university fund-raising priorities generally require different funding levels, which are set by the development and alumni relations committee of the board of trustees and promulgated to prospective donors in case statements, brochures, and conversations with development officers and volunteers. Changes in funding levels will not affect pre-existing endowment agreements or pledges in the process of being fulfilled.

### 1. UNUSUAL RESTRICTIONS

Prospective donors will sometimes suggest restricted endowment gifts for purposes that have not been previously identified as fund-raising priorities by the university. The costs and benefits of such gifts to the school must be carefully weighed before they are accepted. Generally, responsibility for this analysis and for approval of such gifts will be assigned to the vice president for university relations who will consult with the dean or vice president in whose area of responsibility administration of the gift would fall. Such gifts must be authorized by the gift acceptance committee.

The criteria used in deciding the suitability of such gifts will typically include:

- a. **Administrative costs:** Puget Sound's ability to administer the gift without additional staffing or other expense that would render the gift a net cost to the university;
- b. **Compatibility with mission:** The compatibility of the gift's purpose with Puget Sound's mission and values; and
- c. **Benefit:** The gift's potential to enhance Puget Sound's ability to serve its constituents and improve the overall quality of the university.

### 2. MINIMUM FOR NEW ENDOWMENT FUNDS

New endowment funds with donor-specified preferences require a commitment of at least \$100,000, payable over no more than five years. Four exceptions exist:

- a. New endowment funds supporting financial aid without donor restriction may be established for a minimum of \$50,000;

- b. New endowment funds providing support for existing programs or departments without restriction may be established for a minimum of \$50,000;
- c. New endowment funds in memory of long-serving members of the faculty, staff, or board of trustees may be established for a minimum of \$10,000, provided that
  - i. the fund permits designations only to identified fundraising objectives; and
  - ii. if the fund fails to reach the \$10,000 threshold within six months of its establishment, the fund reverts to a restricted expendable fund.
- d. New endowment funds may be established by bequest or deferred gift. In these instances, the minimum amount required to establish the endowment will be based upon the minimum amount required to establish an endowment through a current gift (as specified by the gift acceptance policy) at the time the memorandum of understanding, will or deferred gift document is executed, adjusted for the life expectancy of the donor(s). The adjustment will be calculated using appropriate actuarial data and IRS discount rate.

Development officers should make sure that donors understand that failure to complete a pledge bringing an endowment to the minimum level required for a specific purpose may result in the funds that have been donated being added to a general endowment with a comparable use restriction or to an expendable fund restricted for the specific purpose.

### **3. SPENDING DISTRIBUTIONS FROM ENDOWMENT FUNDS BELOW MINIMUMS**

Endowment funds established based on pledges and which have not yet received gifts totaling the required minimum will have all investment earnings reinvested until the total amount received against the pledge meets the minimum required as of the date the pledge was made. Investment returns will not be considered in determining whether the minimum has been met; and, once the applicable gift minimum is reached, the existing spending policy will be applied, absent specific donor instructions. Specific donor instructions regarding distributions after minimums are reached will override this policy. This restriction on distributions is not intended to apply to those endowment funds (“underwater funds”) which have dropped below the original gift amount due to market losses.

### **4. SPENDING DISTRIBUTIONS WHEN DONORS ARE PROVIDING INTERIM ANNUAL SUPPORT**

While endowment funds are building through multi-year gifts against the original pledged commitment, donors may provide additional gifts to support the intended purpose. Absent specific instructions from the donor, such additional gifts will not be considered in determining spending levels from the endowment fund.

### **5. ENDOWMENT NAMES**

Names of endowment funds may be changed by written request of the donor(s) and agreement of the university. The vice president for university relations is authorized by the university to execute the agreement for Puget Sound.

### **6. SUBSEQUENT CHANGE OF PURPOSE**

Donor-specified purposes (uses) of existing endowment funds may be changed by mutual agreement between the donor and the university. The vice president for university relations generally represents Puget Sound in such discussions and will confer with the executive vice president and chief financial officer and any departments that

might be affected. Changes requiring increased administrative commitments or additional financial resources will be reviewed by the president. Any changes must be documented in writing, signed, and dated by the donor and, on behalf of the university, by the vice president for university relations.

### **C. *Memorial and Honorary Gifts/Funds***

#### **1. WITHOUT DONOR RESTRICTION**

New named endowment funds in memory or in honor of an individual (other than individuals described in V.C.3 below) may be established when a signed letter of intent is received guaranteeing a minimum of \$50,000 in gifts to the fund within five years, provided that the fund is either without a donor purpose restriction or supports financial aid without donor restriction.

#### **2. WITH DONOR RESTRICTION**

Named endowment funds with specific preferences may be established with a minimum guarantee of \$100,000 in gifts to the fund within five years. The purpose of such memorial funds must conform to Puget Sound's existing fund raising guidelines and priorities (e.g., minimums for specific purposes).

#### **3. IN HONOR OF LONG-SERVING MEMBERS OF THE FACULTY, STAFF, OR BOARD OF TRUSTEES**

Named endowment funds in honor of long-serving members of the faculty, staff or board of trustees may be established with a minimum guarantee of \$10,000 in gifts to the fund within six months. Any restricted purpose of such memorial funds must conform to Puget Sound's existing fundraising priorities (e.g., minimums for specific purposes). If the fund fails to reach the \$10,000 threshold within six months of its establishment, the fund reverts to a restricted expendable fund.

#### **4. UNNAMED MEMORIAL GIFTS**

Memorial gifts received in the absence of a commitment to establish a new named fund are directed to the endowed Memorial Scholarship Fund unless another existing fund or purpose is specified by the donor.

#### **5. HONORARY GIFTS**

Gifts in honor of individuals are credited to the Puget Sound Fund unless another existing fund or purpose is specified by the donor.

#### **6. FACILITIES GIFTS**

The naming gift for a new facility will typically require a gift equal to one-half (50%) of the total estimated project cost. Exceptions must be approved by the president and the board of trustees.

## **VI. RELATED POLICIES**

The following policies also support and inform decisions relating to the acceptance and management of gifts.

- Asset Management Policies and Procedures for Gifts of Real Estate
- Campaign Gift Reporting Guidelines
- Policy on Named Gifts
- Designation of Unrestricted Funds Policy
- Code of Conduct
- Conflict of Interest

## VII. APPENDIX A: DEFINITIONS

### *Assets*

**Liquid Assets:** Assets which can be quickly and easily converted to cash or traded on the public market. Marketable securities are examples of liquid assets.

**Illiquid Assets:** Securities, closely held stock, partnership agreements, real property or other properties not currently traded on the open market, including pre-IPO stock that might one day be publicly traded or that might be eventually acquired by another company via a merger. Such assets are often volatile and difficult to value and/or convert to cash.

**Bargain Sale:** The sale of property to a charitable organization at a price below fair market value. If the property has appreciated in value, the donor's basis is allocated between the portion of property sold and the portion of property donated. The donor pays tax on any gain on the portion of property sold and deducts the remaining portion as a charitable contribution, subject to charitable contribution rules.

**Charitable Gift Annuity:** An irrevocable contract between a charitable organization such as Puget Sound and one or two individual(s). In return for a transfer of cash, marketable securities or other assets, Puget Sound agrees to pay a fixed amount of money at regular intervals to the income beneficiary(ies) for the life of the beneficiary(ies) (who may or may not be the donor). Gift annuities are general obligations of the university. Assets donated for gift annuities become the property of the university as soon as the contract is signed and the assets are transferred. Annuity reserve funds are calculated, segregated, and invested in accordance with state laws. There are three types of charitable gift annuities:

**Current (Immediate):** First payment is made within 12 months of the gift, at the end (or the beginning) of the payment period immediately following the contribution.

**Deferred:** First payment is made at some point 12 months after the gift. This date is chosen by the donor and must be more than one year after the date of the contribution.

**Flexible deferred:** The donor does not have to choose the payment starting date at the time of the contribution. The annuitant may make the choice of an initial "target date" for the payments to start based on their retirement date or other considerations. Each annuitant would have to determine on an annual basis whether or not they wish the payments to start that year.

**Charitable Remainder Trust:** An irrevocable trust designed to reduce donor taxes and provide a charitable donation by first dispersing payments to the beneficiaries of the trust for a period of

time and then donating the remainder to Puget Sound when the trust terminates. There are several types of charitable remainder trusts:

**Standard unitrust:** Beneficiary payment is equal to a fixed percentage of the trust's fair market value, determined annually.

**Net Income Unitrust:** Beneficiary payment is equal to the net income of the trust, excluding gains, capped by a stated payout percentage.

**Net Income Unitrust with make up provision:** Beneficiary payment is determined as for a standard net income unitrust but includes a "make up" provision which allows the trust to make up any past income deficiencies whenever the trust income exceeds the stipulated pay-out percentage.

**Flip trust:** Such a trust is normally funded with assets that are difficult to sell, such as real estate, and pays out income from the trust excluding gains, then is flipped to a regular charitable remainder unitrust upon the sale of the asset and begins to make payments equal to a fixed percentage of the trust's value, determined annually, in the next taxable year.

**Annuity trust:** Beneficiary payments are fixed dollar amounts which are set at the outset for the entire trust term.

**Charitable Lead Trust:** An irrevocable trust designed to make a charitable donation to Puget Sound and reduce gift and estate taxes. As for a charitable remainder trust, donor transfers assets to the trust which then disperses payments to Puget Sound for a specified period of time. At the end of the term of the trust, the remaining assets are distributed to taxable remaindermen, normally the donor's heirs. A charitable lead trust is the opposite of a remainder trust in that Puget Sound receives the regular payments for the specified period of time and the named beneficiaries receive the remaining trust assets at the dissolution of the trust. There are two types of charitable lead trusts:

**Charitable Lead Unitrust:** Puget Sound receives a fixed percentage of the trust's fair market value, determined annually.

**Charitable Lead Annuity trust:** Puget Sound receives a fixed dollar payment.

**Deferred Gifts:** Deferred gifts are those gifts the full proceeds of which are not expected to be available for use by the university for some time. They include bequests, charitable remainder trusts, charitable lead trusts, charitable gift annuities, life insurance policies, and residences with retained life estates.

**Legally Restricted Securities:** Legal restrictions may exist on stock that is publicly traded, as in the case where a security is subject to lock-up imposed by the SEC and cannot be sold for a period of days, weeks, or months. During the lock-up period, the value of the security may rise or fall.

**Marketable Securities:** Securities that are publicly traded and that can generally be converted into cash quickly and easily. Examples of marketable securities include publicly traded stock or mutual fund shares, Treasury bills, and other money market instruments.

**Non-marketable Securities:** Securities that cannot be easily converted into cash or are not publicly traded. Examples of non-marketable securities include privately held stock, stock in closely held corporations, or shares of limited liability corporations (LLC).

***Retained Life Estate:*** A retained life estate contract enables a donor to gift a personal residence and preserve the right to remain in the property for life.

***Real Property:*** Land and any permanent fixtures on it, including buildings, trees, etc. Land, residences, condominiums, rental property, farms, timberland and any form of real estate are all types of real property.

***Tangible Personal Property:*** Personal property that can be felt or touched. Examples include furniture, cars, jewelry and artwork. However, cash and checking accounts are not tangible personal property.

***Testamentary Clause:*** To ensure that a pledge is a binding commitment, it must be collectible from the estate of the donor. The following language serves that purpose:

*In order to ensure that this pledge is fulfilled, I promise to provide, by an effective testamentary disposition, for the payment of the balance of this pledge that remains unpaid at the time of my death. If for any reason this testamentary disposition is not made, or is not effective, the balance of this pledge shall be a debt due from me and payable by my estate at the time of my death.”*

***Underwater Endowments:*** When the fair market value of a true (donor-restricted) endowment fund drops below the historic gift value, the fund is considered “underwater.” Such funds may distribute only current year investment income (such as interest and dividends) because there is no capital appreciation in the fund.

## VIII. APPENDIX B: MATRIX OF APPROVALS REQUIRED BASED ON FORM OF GIFT AND TYPES OF ASSETS OTHER THAN REAL ESTATE

	Outright (University LLC)	Bargain Sale	Bequests	Gift Annuity <sup>1</sup>	Charitable Remainder Trust, Successor or Outside Trustee	Charitable Remainder Trust (FLIP, CRAT, Standard or Net Income), University Trustee	Charitable Lead Trust
Cash & Equivalents	OUR	GAC	OUR	OUR	GAC	CON	CON
Liquid Marketable Securities	OUR	GAC	OUR	OUR	GAC	CON	CON
Restricted stock	GAC	GAC	GAC	N	GAC	GAC	GAC
Promissory notes	GAC	GAC	GAC	GAC	GAC	GAC	GAC
Patents, royalties, trademarks & copyrights	GAC	GAC	GAC	N	GAC	GAC	GAC
Professional practices	ISC	ISC	ISC	N	ISC	ISC	ISC
Partnership interests--simple	GAC	GAC	GAC	N	GAC	GAC	GAC
Partnership interests-- complex	ISC	ISC	ISC		ISC	ISC	ISC
Stock in closely held or private corporations	ISC	ISC	ISC	N	ISC	ISC	ISC
Mineral rights	GAC	GAC	GAC	N	GAC	GAC	GAC
Commercial annuities	GAC	GAC	GAC	N	GAC	GAC	GAC
Tangible personal property	GAC	GAC	GAC	N	GAC	GAC	N

<sup>1</sup>Rates for gift annuities funded with illiquid assets will be less than rates for those funded with liquid assets, to account for costs of marketing and the illiquidity risk.

**OUR** Unconditional acceptance by OUR authorized  
**CON** Conditional acceptance by OUR authorized  
**N** Not acceptable nor not applicable

**GAC** Requires approval by the Gift Acceptance Committee  
**ISC** Requires approval by the Investment Subcommittee

If regulations change, this matrix may be updated to comply without Board approval.

## IX. APPENDIX C: MATRIX OF APPROVALS REQUIRED BASED ON FORM OF GIFT AND TYPE OF REAL ESTATE ASSETS

	Outright (University LLC)	Bargain Sale	Retained Life Estate	Gift Annuity <sup>1</sup>	Gift Annuity with Retained Life Estate <sup>1</sup>	Charitable Remainder Trust, Outside Trustee	Charitable Remainder Trust (FLIP, CRAT, or Net Income), University Trustee	Charitable Lead Trust
Primary residence	CON	GAC	CON	GAC	GAC	GAC	GAC	N
Vacation home	CON	GAC	CON	GAC	GAC	GAC	GAC	N
Condo	CON	GAC	CON	GAC	GAC	GAC	GAC	N
Apartment Complex	GAC	GAC	N	GAC	N	GAC	GAC	GAC
Office Building	GAC	GAC	N	GAC	N	GAC	GAC	GAC
Other Commercial Real Estate	GAC	GAC	N	GAC	N	GAC	GAC	GAC
Agricultural/Income producing land	GAC	GAC	GAC	GAC	GAC	GAC	GAC	GAC
Developed Land	GAC	GAC	N	GAC	N	GAC	GAC	N
Raw Land	GAC	GAC	N	GAC	N	GAC	GAC	N
Undivided interest in real estate (majority position)	RES	RES	RES	RES	RES	GAC	RES	RES
Undivided interest in real estate (minority position)	RES	RES	RES	RES	RES	GAC	RES	RES
Mortgaged real estate	RES	RES	RES	RES	RES	GAC	RES	GAC

<sup>1</sup>Rates for gift annuities funded with real estate will be less than rates for those funded with liquid assets, to account for costs of marketing and the illiquidity risk.

**OUR** Unconditional acceptance by OUR authorized  
**CON** Conditional acceptance by OUR authorized  
**N** Not acceptable or not applicable

**GAC** Requires approval by the Gift Acceptance Committee  
**RES** Requires approval by the Real Estate Subcommittee

If regulations change, this matrix may be updated to comply without Board approval.