

# University Rotary Service Fund

## Gift Acceptance Policy

### 1. Purpose of Gift Acceptance Policy

The University Rotary Service Fund (the “Foundation”) is proud that donors choose it as their route for philanthropy. The purpose of this policy is to set out for donors the guidelines that the Foundation follows for accepting gifts and utilizing those gifts effectively. All gifts shall be considered for acceptance in accordance with the policies set forth herein.

The Foundation:

- a. provides effective stewardship of Foundation assets.
- b. ensures that all Foundation funds are expended in compliance with government regulations, member priorities and donor instructions.
- c. develops and implements effective procedures for coordinating Foundation funded programs with the Club.

### 2. Introduction

The University Rotary Service Fund is a registered charity (EIN # 91-1123239). It is governed by a board of directors that oversee the acceptance and allocation of funds to support Rotary projects for the betterment of local and international communities.

### 3. Use of Legal Counsel

Use of legal counsel by both the donor and the Foundation is advantageous to all parties. The Foundation cannot serve as both the donor’s advisor and beneficiary of the donor’s gifts. Therefore, potential donors should be advised that legal counsel for the Foundation does not represent their interest and are advised to consult independent tax and/or legal counsel before making gifts to the Foundation.

### **4. Advice to Donors** *Donor guidance should be posted on the website and linked to UDRC profile in social media. Ed recommends the creation of a donation form.*

The Foundation engages donors living, working, or interested in its areas of benefit. It recognizes that donors have a range of interests and wants them to make informed choices about their giving. However, its main purpose is to support Rotary service projects.

The Foundation always respects the wishes of potential donors, and never pressures them into a course of action. It will disclose the key issues that could be reasonably expected to influence a donor’s decision to make a gift. It will be made clear that all donations other than deferred gifts (and those outlined in section 7) are irrevocable, and that items such as market value and investment return can vary.

The Foundation also recommends that prospective donors obtain independent legal and/or financial advice regarding any proposed gift.

## **5. Gift Definition**

A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation. Gifts usually take the form of cash, securities, real estate or personal property. The Foundation may accept or decline any gift. The following criteria generally identify a gift:

- a. A gift is motivated by charitable intent.
- b. Gifts are irrevocable transfers of assets.
- c. Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, although objectives may be stated, and funds may be restricted to a specific purpose.
- d. Donors are not provided formal financial accountings. A general report to the donor stating the utilization or impact of the gift is appropriate, and may be desirable, especially in the case of named gifts to the Restricted fund, the Foundation's endowment.
- e. Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations will be classified as gifts unless the grant requires performance or other consideration.
- f. All gifts are completed when they have been accepted by the Foundation in writing, or in the case of securities, bonds, or mutual funds, when deposited into the Foundation's account.

## **6. Gift Designation**

When received, without donor instructions, gifts will be placed in the Unrestricted Fund.

## **7. Types of Acceptable Gifts**

### **Directed Gifts**

A directed gift involves the donor's voluntary and intentional transfer of money or property to the Foundation, without expectation of receiving a benefit equal to the value of the transfer. Although the donor may place restrictions on the use of the property, the donor may not retain control over the money or property transferred to the charity to qualify as a current gift. Examples of directed gifts include cash, securities, tangible personal property and some real estate gifts.

## **8. Cash and Checks**

Cash and checks may be accepted regardless of the amount. The value of any cash or check gift is its face value. Checks must be made payable to the University Rotary Service Fund and sent to:

*University Rotary Service Fund  
P.O. Box 31125  
Seattle, WA 98103*

## **9. Securities**

Securities, as defined herein, may be accepted as gifts by the Foundation, according to the policies described below. Securities given to the Foundation will typically be sold as soon as possible.

## **10. Publicly Traded Securities**

The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the securities are received by the Foundation and takes ownership. The value of less actively traded securities, rarely traded securities or a security that does not trade on the gift date should be determined according to IRS rules as found in IRS Publication 561.

The Foundation should be notified in advance of the securities being transferred, the number of shares, the intended gift date and the intended designation of the gift (for example Unrestricted Fund, Restricted Fund or a specific program fund). The Foundation will sell such securities as soon as possible after the securities have been received.

Donation of Securities via Wire Transfer: Contact the Rotary Foundation President for instructions.

Donation of Securities via Mail: If the donor has physical custody of stock certificates, they should be mailed, unsigned. The signed stock/bond power forms must be sent and received separately from the stock/bond certificates. The signature on the stock/bond power must exactly match the name(s) on the certificates.

Donation of Securities via Hand Delivery: Stock certificates may be delivered to the President of the Foundation or a person designated by the President.

## **11. Mutual Fund Shares**

Mutual fund shares may be accepted by the Foundation. In most cases, the Foundation must open an account to accept gifts of mutual fund shares. Aspects of this process are beyond the Foundation's control and can take several weeks before the transaction is complete. Therefore, donors are advised to allow sufficient time (two to three weeks) to complete such transactions.

To initiate a gift of mutual fund shares, the Foundation must be notified of the mutual fund shares being gifted, the name of the institution at which the shares are held (brokerage firm, financial institution or the mutual fund company itself), the number of shares, the intended gift date, and the intended use of the gift (for example the Unrestricted Fund, Restricted Fund or specific program fund). If the shares are held at the mutual fund company, the donor and the Foundation must follow the necessary steps required by that company for transfer of ownership of the shares. If the shares are held at a brokerage firm or financial institution, the Foundation will contact the institution and establish an account there if none is currently open. When the account is open, that institution will transfer the shares into the Foundation's account. In all cases the shares will be sold as soon as possible after successful transfer into the Foundation's account.

The fair market value of mutual fund shares will be determined by the public redemption price of the shares on the date of the gift to the Foundation's account. If such a price is not readily available, then the value shall be determined as if the shares were non-publicly traded securities in accordance with IRS Publication 561.

## **12. Closely Held Securities** *(there are not forms for these in the policy)*

Closely held or non-publicly traded securities may be accepted only after prior review and approval by the Gift Acceptance Committee.

Valuation of closely held securities may be challenging due to infrequent trading, which makes it difficult to establish fair market value. The Foundation will only consider gifts of closely held securities in amounts of \$10,000 and above.

The following documentation must be provided to the Gift Acceptance Committee before a gift of closely held securities will be considered for acceptance:

- a. a qualified independent appraisal as defined in the Internal Revenue Code and IRS Publication 561
- b. copies of any shareholder buy/sell agreements
- c. copies of transfer restrictions on the transfer contained in the bylaws and/or reflected on the stock certificates

Donors are advised to consult their own counsel and IRS Publication 561, which describes the protocol in detail, including the procedures for appraisers, contents of appraisals, in establishing the value of their gift for tax purposes.

## **13. Restricted Securities**

Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. They may be accepted by the Foundation only upon prior written approval by the Gift Acceptance Committee.

The Foundation will only consider gifts of restricted securities in amounts of \$10,000 and above. The following documentation must be provided to the Gift Acceptance Committee before a gift of restricted securities will be considered for acceptance:

- d. a qualified independent appraisal as defined in the Internal Revenue Code and IRS Publication 561
- e. copies of any shareholder buy/sell agreements
- f. copies of transfer restrictions

Donors are advised to consult their own counsel and IRS Publication 561, which describes the protocol in detail, including the procedures for appraisers, contents of appraisals, in establishing the value of their gift for tax purposes.

#### **14. Gifts of Real Estate**

Gifts of real estate may include land both improved and unimproved, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and gifts subject to a retained life estate.

Upon review and approval of the Gift Acceptance Committee, the Foundation may accept ownership of outright gifts of real estate with a minimum appraised value of \$25,000 when undeveloped and \$100,000 when developed. In accordance with this Policy, the Foundation will sell such gifts as soon as possible after receipt (except in the case of gifts subject to a retained life estate).

Acceptance Criteria. The Gift Acceptance Committee will meet as needed to review all potential gifts of real estate. To be considered acceptable, potential gifts of real estate should meet the following criteria:

- a. Be of sufficient value so that the Foundation will ultimately realize significant benefit from the gift, considering legal, administrative and other costs likely to be incurred by the Foundation in accepting the real estate;
- b. Be readily marketable at or close to the appraised value; and
- c. Be free from any liens, loans or other special conditions that would place the Foundation in a position of incurring significant potential additional expense, risk or liability, or which would restrict the Foundation's ability to use the property in any manner the Foundation determines best for furthering the purposes of the Foundation, or which would place undue burdens on the Foundation in maintaining the gift prior to sale.

Required Documentation. Documentation must be provided to the Gift Acceptance Committee before a gift of real estate will be considered. the Foundation may require the following information in order to consider acceptance of a gift of real estate:

- a. A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by the Foundation

- b. A qualified appraisal (see additional comments below)
- c. A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities
- d. A market feasibility study for the property
- e. ALTA (American Land Title Association) survey of the property by a registered land surveyor
- f. Evidence of compliance with Americans with Disabilities Act (when applicable)
- g. A structural engineering report (when applicable)
- h. A review of any leases and corresponding documents including but not limited to proof of tenant's insurance
- i. A disclosure statement for residential property (when applicable) including any mineral, oil or gas rights

It is the responsibility of the donor to pay all costs incurred in transfer of the property, including the cost of compliance with any of the Foundation's requirements outlined above.

**Tax Considerations.** Under applicable IRS regulations, a donor must pay for any initial appraisal made on the property. The appraisal must be made not earlier than 60 days before the date of the contribution, and before the filing of the tax return on which the deduction is first claimed.

Donors must complete IRS Form 8283. If the Foundation sells a gift of real estate within two years of receipt, the sale will be reported to the IRS with submission of Form 8282.

A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of real estate, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

### **15. Gifts of Real Property with Retained Life Estates or other Restrictions/limitations**

A gift of real property with a retained life estate involves the transfer of the title to a personal residence or farm to the Foundation whereby the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person.

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real estate as set forth in this Policy (see Section "Gifts of Real Estate").

The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance (property insurance with the Foundation as loss payee, general liability insurance with the Foundation as additional insured and other appropriate insurance as determined by the Foundation), utilities, maintenance/repairs and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Proof of payment for applicable items and certificates of insurance may be required by the Foundation as appropriate. Donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this property.

## **16. Bargain Sales (including mortgaged property)**

A bargain sale is a sale of property to the Foundation for an amount less than the property's current fair market value as determined by a recent, qualified appraisal. The excess of the value over the sales price generally represents a contribution to the Foundation. The Foundation, upon review and approval of the Gift Acceptance Committee, may purchase real estate, securities, or other property on a bargain sale basis. Ordinarily the purchase price for the property should not exceed 60% of its appraised value. The bargain sale price may be paid either in a lump sum or in installments. Restrictions as to the type of asset set forth above shall also be met.

## **17. Tangible Personal Property (accepted with intent to sell)**

Tangible personal property is an asset that can be touched, handled, or moved by an individual (as opposed to intangible assets such as ownership in a company). The most common tangible personal property assets include art, coin and stamp collections, jewelry, furniture, or any similarly unique asset or collectible owned by a donor.

The Foundation, upon review and approval of the Gift Acceptance Committee, may accept gifts of tangible personal property. However, gifts of automobiles, boats, airplanes and motorcycles are not usually accepted by the Foundation. The Foundation will sell gifts of tangible personal property and invest the proceeds as soon as is practical.

### **Acceptance Criteria**

Generally, gifts of tangible personal property may be accepted if they:

- a. meet the Foundation's minimum gift value requirements
- b. are readily marketable, and
- c. are free and clear of encumbrances. Gifts of tangible personal property must be of sufficient value to cover holding, maintenance, sale and administrative costs.

The Gift Acceptance Committee, assuming all other guidelines are also met, will consider gifts of jewelry valued at US \$10,000 or more, and gifts of artwork and collectibles valued at US \$25,000 or more.

### **Documentation Required**

Donors who intend to give tangible personal property to the Foundation must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date. Criteria for acceptance of the proposed gifts of tangible personal property shall include the following:

- a. Whether the property is readily marketable and what additional costs may be involved with the sale of the property;

- b. Whether the donor has requested any restrictions on the use, display or sale of the property;
- c. Whether the donor is aware of the Foundation's policy of selling such gifts as soon as possible after receipt;
- d. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance and other associated costs in transferring the gift to the Foundation.

The donor is responsible for any packing, shipping, in-transit security and insurance costs or gifts of tangible personal property. The item(s) must be insured at the donor's expense until delivered safely to Foundation, and transfer of ownership is complete.

Tax Considerations. Donors must complete IRS Form 8283. If the Foundation sells a gift of tangible personal property within two years of receipt, the sale will be reported to the IRS with submission of Form 8282. A copy of Form 8282 will be provided to donors to whom this applies. In considering gifts of tangible personal property, donors are advised to consult with a professional advisor regarding the related use rules that apply to such gifts and their tax deductibility.

## **18. Gifts in Kind (retained for Foundation use)**

Furniture, equipment, medical supplies, computer hardware and software and Rotary-related memorabilia are examples of gifts in kind that may be considered for acceptance by the Foundation. The Gift Acceptance Committee will consider such gifts on a case-by-case basis.

### **Acceptance Criteria**

Depending on the nature of the gift, there may be maintenance, storage, shipping and insurance costs associated with it. Generally, the Gift Acceptance Committee will use the following criteria to determine whether a gift in kind will be accepted by the Foundation:

- a. Whether the property furthers the mission or enhances the history of the Foundation
- b. Whether the donor has requested any restrictions on the use or display of the property
- c. Whether the donor is willing and able to finance the packing, shipping and in-transit security, insurance (until safe delivery of items to the Foundation and transfer of ownership is complete) and other associated costs in transferring the gift to the Foundation.

### **Documentation Required**

Donors who intend to give gifts in kind to the Foundation must submit their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date. In addition, the donor must provide a written document clearly identifying the property (describing the item(s) in detail) and stating the donor's clear intent to transfer all rights of ownership to the Foundation.

### **Tax Considerations**



In considering such gifts, donors are advised to consult with a tax/financial professional regarding the related use rules that apply to such gifts. Unless it can be determined that the item being donated will be used by the Foundation to further its mission, The Foundation's recognition of the donation value will be limited to the lesser of his/her cost basis and the fair market value of the property.

## **19. Other Non-Traditional Asset Gifts**

Gifts of nontraditional assets are complicated and can carry with them additional risks and costs to both donor and the Foundation. This policy is meant to ensure that the Foundation makes prudent decisions regarding the acceptance of these types of gifts such that maximum benefit toward Foundation programs is achieved.

### **Intellectual Property**

The Foundation will consider gifts of intellectual property such as royalties, copyrights, patents, contract rights and similar intangible interests only upon approval of the Gift Acceptance Committee. The Gift Acceptance Committee will consider the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign all of the rights with respect to the copyright or royalty.

#### **Criteria for acceptance of a gift of intellectual property shall include the following:**

- a. Whether the intellectual property furthers the mission of the Foundation
- b. Whether ownership of the intellectual property right can be clearly transferred or assigned to the Foundation
- c. Whether the intellectual property right is a full or fractional interest
- d. Whether the interest is worth more than \$5,000, the minimum at which the Gift Acceptance Committee will consider such a gift
- e. Whether any costs are associated with acceptance of the intellectual property right
- f. Whether the donor has requested any restrictions on the retention or use of the property

### **Timeshare Units**

Because of the limited value and market, and inherent expenses associated with timeshare units, the Foundation will not consider a gift of this nature unless it has an estimated market value of \$100,000 or more and is readily marketable. The Foundation may accept gifts of timeshare units of this value only upon approval by the Gift Acceptance Committee. Donors who intend to gift a timeshare unit to the Foundation must make their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, and a qualified appraisal performed within 60 days of the gift proposal date.

## **20. Split-Interest Gifts**

### **Charitable Lead Trusts**

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to the Foundation, and the "remainder" interest is given to one or more non-charitable individuals. The amount paid to the Foundation may be either a fixed sum (an "annuity trust" interest) or a percentage of the trust assets as valued each year (a "unitrust" interest). At the conclusion

of the payment period, the trust assets are returned either to the donor or to someone designated by the donor.

Donors are advised to consult with the Foundation regarding how to designate the gift and any restriction that is being considered. The Foundation shall not serve as trustee of a charitable lead trust.

### **Charitable Remainder Trusts**

A charitable remainder trust is an irrevocable trust that provides for a specified distribution to the donor or other individuals named by the donor for a term of years or lives. Upon termination, all remaining trust assets pass to one or more qualified charities.

A charitable remainder annuity trust pays a fixed annual amount to the income beneficiary(ies), which must be at least 5% of the fair market value of the assets initially contributed to the trust. No additional gifts may be made to the annuity trust after its creation.

A charitable remainder unitrust pays the income beneficiary(ies) a fixed percentage (at least 5%) of the fair market value of trust assets, as valued annually. Because the value of assets will change from year to year, the unitrust payment will vary in amount each year. Additional cash contributions may be made to the trust after it is established if the trust agreement so provides. Additional contributions can also be made to the trust if provisions allow.

Donors are advised to consult with the Foundation regarding how to designate the gift and any restriction that is being considered. The Foundation shall not serve as trustee of a charitable remainder trust.

## **21. Deferred Gifts**

Deferred gifts are generally put in place during life and are effective at death. Any deferred gift agreement that requires execution by the Foundation should first be reviewed and approved as to form and substance by the Foundation. Donors are advised to consult with the Foundation regarding how to designate the gift and to discuss any restriction that is being considered.

## **22. Bequests**

A bequest to the Foundation is a gift made in the donor's will. Gifts made in a donor's revocable trust that are effective at the donor's death are treated the same as bequests. The donor can designate a specific amount, a percentage, or the remainder of an estate to the Foundation. Direct, unencumbered bequests shall be accepted by the Foundation if the underlying assets are in conformity with the guidelines set forth in Section 7 of this Policy entitled "Directed Gifts". The Foundation reserves the right to not accept gifts from the estates or trusts of deceased donors that are not in conformity with the terms of this Policy. Donors should be encouraged to notify the Foundation when considering a bequest in order to ensure that the assets left to the Foundation meet the criteria set forth in this policy.

## 23. Life Insurance Policies

The Foundation may accept ownership of life insurance policies that meet the following criteria:

- a. When/if the policy to be gifted is fully paid-up as of the date of the gift:
  1. policy must have a minimum face value of \$1,000;
  2. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
  3. The Foundation may liquidate the policy for cash value net of any policy loans or other charges.

b. When/if the policy to be gifted is not fully paid-up as of the date of the gift, and the donor requests that the Foundation make premium payments on their behalf:

1. policy must have a minimum face value of \$5,000;
2. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
3. the Foundation may liquidate the policy for cash value, net of any policy loans or - other charges;
4. donor agrees to forward contributions to the Foundation in amounts equal to the cost of corresponding periodic premium payments;
5. amount of the periodic premium must be greater than \$200

c. When/if the policy to be gifted is not fully paid-up and the donor will pay future owed premiums directly to the insurance company until policy is fully paid-up:

1. policy must have a minimum face value of \$1,000;
2. the life expectancy of the insured must be less than 15 years on an actuarially determined basis;
3. the Foundation may liquidate the policy for cash value net of any policy loans or other charges.

Only individual gifts of life insurance shall be accepted; individual insurance policies purchased by a group of individuals will not be accepted. The Foundation will not accept ownership of term life insurance policies.

## 24. Designating the Foundation as Beneficiary

The Foundation will accept any proceeds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit sharing) plan or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case, prior review and approval by the Foundation is required.

The Foundation will accept beneficial interest in an insurance policy without minimum but reserves the right to decline to pursue receipt of funds offered under such interest if it proves administratively burdensome.

## **25. Gift Pledges**

The Foundation may accept unconditional promises to give (pledges) with payment terms generally three years or less and valued at \$1,500 or more.

A pledge meeting these criteria is considered active upon receipt of the first payment, which shall generally represent a proportional share of the total pledge amount. Pledge terms must be established in writing.

## **26. Gift Acknowledgment**

The Foundation will acknowledge the receipt of all gifts in writing and in a manner which satisfies the IRS's substantiation requirements set forth in IRC Section 170(f) for the deduction of charitable gifts by individual donors.

## **27. Gift Acceptance Committee (To be added to bylaws)**

The purpose of the Gift Acceptance Committee is to advise the Foundation Board concerning acceptance of gifts to the Foundation; to make recommendations concerning Board policy regarding acceptance of such gifts; and to develop effective practices and procedures for acceptance and management of gifts to the Foundation.

Members of the committee include the Foundation Board President, Treasurer, and Club President Elect. At least three additional members shall be appointed by the Board from the Foundation membership annually. Other members may be called upon as resources as needed. Meetings of the Gift Acceptance Committee are called on an as-needed basis to review gifts of real estate, tangible personal property, privately held stock and gifts which fall outside of current gift acceptance practices or guidelines, and to review updates in practices due to changes in legal or financial requirements, or as requested by the Foundation Board President.

## **28. Overly Restrictive Gifts**

The Foundation will not accept gifts deemed by the Gift Acceptance Committee to be overly restrictive. Overly restrictive gifts that place undue burdens on the Foundation as well as gifts that violate the terms of the Foundation formation or governance documents.

## **29. Authorization for Reallocation**

Every effort will be made to honor the intent of the donor or the estate gift. In the case that the Foundation cannot adhere to the intent of the gift, then The Foundation will attempt to contact the donor and/or the legal counsel representing the estate by mail and email at

least 3 times within a calendar year to seek authorization to distribute the resources with proposed alternative. After 3 attempts, if no contact is made then the remaining assets will be transferred to the Foundation's unrestricted or discretionary funds at the Board's discretion.

### **30. Policy Amendment and Review**

Responsibility for review of and recommended amendments to the Policy shall be that of the Gift Acceptance Committee of the Foundation. The Gift Acceptance Committee shall review this Policy at least annually. To amend the Policy, a written amendment shall be prepared and submitted to the Foundation Board for review and approval.

This policy shall be construed to be consistent with the Internal Revenue Code of 1986, as amended, the regulations promulgated thereunder, or other applicable state or federal laws as of the effective date of the legal change.

Policy Approval Date:

Policy Effective Date: