

Gift Acceptance Policy
Mount Vernon Nazarene University

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Introduction

This policy statement is designed to ensure that all gifts to, or for the use of, Mount Vernon Nazarene University (MVNU) are structured to provide maximum benefits for both the donor and MVNU. Throughout its existence, MVNU has benefited from gifts from friends, churches, corporations and foundations.

Due to the ever-increasing complexity of giving plans and concepts, this policy has been developed to establish standards by which all gifts to MVNU will be evaluated, as well as a formal process for carrying out such evaluations.

All gifts to MVNU shall be evaluated within the following guiding principles:

- MVNU does not provide legal, accounting, tax or other such advice to donors. Each donor is ultimately responsible for ensuring their proposed gift meets and furthers their charitable, financial, and estate planning goals. As such, each donor is encouraged to meet with a professional advisor before making any gift to the University.
- MVNU reserves the right not to accept certain gifts, including:
 - Those which would not be in the best interest of the donor (i.e., ones that might be inappropriate in light of the donor's personal or financial situation)
 - Those that might benefit the donor in certain ways that are not available to others of similar status and interest
 - Those from which MVNU will realize little or no financial gain
 - Those that are offered for purposes inconsistent with the University's educational mission
 - Those which have restrictions that might violate MVNU's ethical standards or require any form of discrimination
 - Those that are offered that might violate the standards of the University's governing body, the Church of the Nazarene.
- Donations of gifts for unrestricted, general purposes are encouraged because of the flexibility they provide to the University.
- MVNU shall acknowledge all gifts and donations in a manner that respects and honors the donor.
- In accepting a gift, MVNU also accepts the responsibility to the donor to steward that gift properly. This includes administering the gift properly, providing the donor with accurate, timely financial information about the gift, and, when appropriate, reporting to the donor about the use of the gift.

Terms and Definitions

Conditional Gift	Gifts that, because of some qualifier or restriction, are considered non-routine. Conditional gifts may commit the University to act within a specified time or use a gift for a specific purpose.
Endowment	A gift of at least \$10,000 to be invested for the purpose of producing present and future income that may be expended or reinvested with the original gift. The principal (or corpus) of the endowment is to be kept intact. Income is expended according to the current policy of the MVNU Foundation Board and may be restricted or unrestricted according to the donor's intent.
Gift	A gift is not consideration in the legal sense and therefore the donor receives no direct benefit and requires nothing in exchange beyond an assurance that the intent of the contribution will be honored.
Major Gift	Currently at MVNU, a gift of \$1,000 or more considered a major gift to the University Fund. During building campaigns, a major gift is \$100,000 or more.
Outright Gift	These gifts are typically gifts of cash, stocks, bonds, real property, tangible personal property, or gifts-in-kind.
Planned Gift	Planned gifts generally are gifts or commitments made in the present with the benefit to MVNU 'deferred' until a future date. However, planned gifts may include outright gifts of appreciated property (securities and real estate) or gifts of tangible personal property.
Pledge	Pledges are commitments to give a specific dollar amount according to a fixed time schedule.
Restricted Gift	A restricted gift is any gift, which a donor places special, out-of-the-ordinary restrictions as to its use. Discriminatory restrictions could cause MVNU to lose its tax-exempt status or the donor to lose the charitable income tax deduction for the gift.

General Policies

Gift Acknowledgement

All donors are to be sent gift acknowledgement letters and receipts within a reasonable interval. When appropriate, donors shall be given tokens of appreciation not to exceed federal requirements. The Director of Development Services shall be responsible for oversight and compliance with the requirements regarding gift acknowledgement and receipts.

Compliance responsibility for gift acceptance policy

Overall responsibility for ensuring compliance with the requirements of this policy rests with the Vice President for University Relations. All gifts should be screened by the Director of Development Services and/or the Vice President of University Relations. In appropriate cases, gift proposals will be further screened by the Gift Acceptance Committee.

Evaluation of Costs Associated with Acceptance of Certain Gifts

Proposed gifts of property and gifts-in-kind must be evaluated to determine whether the costs to MVNU associated with receiving the gift can be accommodated prudently. Such evaluations might include the possible cost of transportation to MVNU, storage costs while making adequate campus space available, cost of maintenance, repair and insurance and cost of disposal.

For example, accepting real property might require payment of closing costs, payoff of debt secured by the property, and physical changes to the property necessary to ensure safety or to control environmental hazards. Similarly, the cost to retrofit space on campus and provide necessary utilities associated with a proposed gift may be deemed excessive. Occasionally, associated costs might weigh against the acceptance of a gift.

The authority and responsibility for prompt, careful evaluation of such costs shall rest with the Director of Development Services, who shall, after conferring with the appropriate campus offices, bring the gift proposal to the Gift Acceptance Committee for a review and decision.

Acceptance and Administration of Restricted Gifts

Frequently, donors require the University use gifts in particular ways. It is the responsibility of MVNU to comply with such arrangements if such a gift is accepted. The Director of Development Services, under the direction of the Vice President of University Relations, is responsible for ensuring compliance with the requirements regarding gift acknowledgements and receipts.

If there is any question as to whether a proposed restricted gift might in any way be in conflict with the University or its policies, the gift proposal must be presented to and approved by the Gift Acceptance Committee prior to receiving the gift.

In instances such that the restrictions imposed by are specified in writing and require a signed agreement by a college official, as in the case of a trust agreement, such an agreement is to be signed on behalf of the University only by the Vice President for Finance.

Memorandum of Understanding

Before completing major and/or planned gift arrangements with donors, either the Development Officer or the Vice President of University Relations on behalf of MVNU and the donor will sign a memorandum of understanding which shall contain the following elements:

- the purpose for the gift
- the background behind the gift
- how funding will be made
- criteria specifying who will benefit
- MVNU's responsibilities
- use(s) of the gift
- academic year of activation
- plan for public announcement of the gift

Qualified Appraisals

Legal and ethical requirements prohibit MVNU from appraising gifts. This protects both the donor and the University. Such appraisals are to be conducted by certified, independent appraisers not associated in any way to MVNU, and the cost shall be the donor's responsibility.

Gift Acceptance Policies

Gift Acceptance Committee

- Role:* The Gift Acceptance Committee shall serve on an ad hoc basis.
- Members:* The committee members shall be the Director of Development Services, the President, the Vice President for University Relations, the Vice President for Finance and, in a consultative role, the University's attorney.
- Consensus Required:* All decisions of the committee must be made by unanimous vote. If consensus is not reached, the University shall decline the intended gift.

Policies

The following policies relate to the types of gifts typically received by MVNU. It is understood that special gifts or circumstances might require a case-by-case review by the Gift Acceptance Committee and might not be addressed by this document.

Outright Gifts

Cash

Cash is often the easiest way to give and the most frequently form of gift accepted by the University. These gifts can take the form of currency, check or credit card contribution. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT) or by wire transfer.

Cash (currency and check) gifts are reported the day the Coordinator of Gifts and Records receives the cash.

With EFT or wire transfer gifts, the date of the gift shall be the date the money is transferred into MVNU's bank account.

Credit card gifts are reported on the day the credit card gift is received.

Gifts of Insurance

MVNU will accept life insurance policies as gifts only when the University is named as the irrevocable owner and sole beneficiary of the policy.

MVNU prefers life insurance policies that are fully paid. Those gifts will be valued at the replacement cost of the policy. All partially paid policies must have written explanation of how further premiums are to be paid. Said proposed gifts must be presented to and approved by the Gift Acceptance Committee prior to gifting. Said gifts will be valued at the surrender value of the policy the day the gift transaction is completed.

Personal Property

Please refer to the section above regarding costs associated with acceptance of certain gifts.

Gifts of personal property and gifts-in-kind include but are not limited to such items as precious metals, jewelry, artwork, collections and equipment.

Gifts of personal property shall be sold or used for the benefit of Mount Vernon Nazarene University, at the sole discretion of the Gift Acceptance Committee.

The MVNU Finance Office, with direction from the Development Office, is responsible for issuing the Form 8283 (Non cash Charitable Contributions) to the donor, and for issuing the Form 8282 (Donee Information Return) to the Internal Revenue Service. The form 8282 will be issued in the event the gift of personal property is sold within two years from the date of gift.

Donors will also be informed at the time of the acceptance of said gift that MVNU will, as a matter of policy, co-operate fully in any and all matters related to IRS investigations of non cash, personal property charitable gifts.

Real Estate

No gift of residential, rental, commercial, industrial or agricultural real estate shall be accepted without a visit by a member of the Gift Acceptance Committee and subsequent approval by the Gift Acceptance Committee.

Prior to acceptance, an independent appraisal for all properties is required. Any costs associated with obtaining a certified appraisal shall be the responsibility of the donor. MVNU will accept these appraisals unless the Gift Acceptance Committee feels a second appraisal is warranted. In that case, MVNU will be responsible for all costs of the second appraisal. The average of the two independent appraisals will be considered to constitute the “fair market value” of the real estate, thus the value of the gift.

No gift of real estate encumbered by a mortgage or lien shall be accepted.

No property will be accepted that has violations of local, state or federal law. There must a clear title to the property, one not encumbrances by recorded or unrecorded rights of way or easements.

It is the common practice of MVNU to accept gifts of real estate with a market value of more than \$10,000. Upon the recommendation from the Gift Acceptance Committee, the University may accept real estate with a value of less than \$10,000 on a case-by-case basis.

It is the policy of the University to maximize the benefit of gifts of real estate and to liquidate said gifts in a prudent and timely manner. The Vice President for Finance will handle the sale of said property (s). The Gift Acceptance Committee must review all potential sales of real estate that would result in net proceeds less than or equal to 80% of the gift value prior to closing.

All gifts of real estate shall be evaluated in light of the need for an environmental audit whose cost shall be borne by the donor. A qualified environmental professional will be hired to conduct the audit. In the unlikely event that the gifted real estate incurs environmental clean-up expenses, under CERCLA (Comprehensive Environmental Response, Compensation and Liability Act) or any similar legislation either before the gift transfer has occurred or after, the

University retains the right and authority to seek reimbursement from the gift Account for any and all expenses involved in environmental analysis or clean up if the Gift Acceptance Committee decides to pursue further the gift of real estate. The University retains the right to this reimbursement, if the hazard is discovered after the gift of real estate has been accepted and closed, even if the cost of clean up completely depletes the gift account. The University will not be liable for any lawsuits resulting from environmental hazards discovered on gifted property.

In the event a donor is giving a retained life estate gift, the donor shall pay all or a part of the property's maintenance costs, real estate taxes and insurance for the duration of their life and acknowledge that in writing prior to MVNU's acceptance of the gift.

Securities

Securities or mutual funds that are traded on any recognized stock exchange or have prices quoted daily and are readily marketable will be accepted as outright gifts or towards a pledge.

The value of said securities is determined by averaging the high and low trading price on the day the securities are received by the University in accordance with established IRS policy.

Regarding closely held securities: all such gifts must be examined prior to acceptance for valuation and marketability. The Gift Acceptance Committee must approve all such proposed gifts prior to acceptance.

Pledges

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. Annual fund pledges are usually for amounts less than \$1,000 and less than one year.

All other pledges must have written documentation that contains the following:

- the amount of the pledge must be clearly specified
- there should be a clearly defined payment schedule
- there shall be no contingencies or conditions
- the donor must be considered to be financially capable of making the gift
- the acknowledgement the any naming opportunity associated with the pledge shall be removed if for any reason the pledge is not completed within the agreed upon payment schedule.

Pledge Recording Policies

- Anticipated matching gifts will not be included in pledge amounts
- Pledges and expected matching gifts will qualify separately for donor recognition in appropriate giving level groups.

- For gift recognition purposes, donors will not be recognized publicly until the pledge is paid in full.
- If for any reason (rounding, gift evaluation or continued incremental giving) the pledge amount is altered, the donor will be recognized at the level of final payment.
- In the event of death, pledge balances will be written off when the University is notified, unless there are provisions in the donor's will or the family has indicated an intent to complete the pledge.
- All requests to deactivate a pledge must be presented to, and approved by the Gift Acceptance Committee.

Planned Gifts

MVNU encourages donors to disclose their bequest intentions to the Development Office in writing to ensure the University is able to carry out their wishes and that the gifts conform to the principles stated in this Gift Acceptance Policy.

If there is a gift from the estate of a deceased donor the University is unaware of that does not meet the principles of this Gift Acceptance Policy, that decision will be communicated to the legal representative of the estate. Attempts will be made to achieve a mutually acceptable gift agreement between both parties.

Charitable Bequests

MVNU suggests the following language be incorporated into bequests.

I give and bequeath to Mount Vernon Nazarene University, a non-profit corporation established under the laws of the state of Ohio, an educational institution sponsored by the Church of the Nazarene.....

Charitable Gift Annuities

A charitable gift annuity is a contract between MVNU and the donor, whereby the donor makes an initial payment of cash or marketable securities to MVNU and MVNU agrees to pay the donor an annuity for the rest of his/her lifetime.

No gift annuity that names an income beneficiary younger than age 60 shall be accepted without approval of the Gift Acceptance Committee.

Gift annuities will be accepted for a single life or two life-joint and survivor only unless otherwise approved in advance by the Gift Acceptance Committee.

The minimum initial contribution for a Gift Annuity shall be \$10,000. Additional gifts to an existing annuity can be made in \$5,000 payments.

MVNU will use the payout rate schedule suggested by the American Council on Gift Annuities (ACGA) for its gift annuities.

Charitable remainder trusts

Charitable remainder trusts (CRAT) are established when a donor irrevocably transfers money or securities to a trustee (not affiliated in any way to MVNU) who invests the assets to pay annual lifetime income to the donor or others chosen by the donor. At the end of the beneficiaries' lives, the remaining assets are distributed to the university.

Annuity trusts provide the tax advantages of current contributions with the security of fixed, lifetime incomes, generally for the donor and spouse. The agreed-upon annual payments remain unchanged regardless of how the investments perform.

A Charitable Remainder Unitrust (CRUT) differs from the annuity trust as it provides a variable income to the donor. Payment in this case is based on a fixed percentage of the net fair market value of the trust's assets as valued on a certain day annually.

Charitable Lead Trusts

This type of gift provides an income stream for a specified period of time to MVNU. The University receives the income from the trust and applies it, usually to a pre-determined project. The principal is then returned at the end of the set period to whomever the donor designates.

Endowments

Bequest gifts can be used to create endowments at MVNU. The University would prefer the donor contact them as part of the donor's estate planning so that the University would have record of the donor's intent. Bequest endowments must be funded with at least \$10,000 and contain express scholarship criteria instructions. The Gift Acceptance Committee must review all bequest endowments prior to acceptance. In the event the Gift Acceptance Committee feels the instructions are not complete or too restrictive, an attempt will be made to reach an acceptable agreement with a legal representative of the deceased.

Gifts of Life Insurance

Gifts of life insurance as part of planned giving should name the University beneficiary of the policy upon death or as beneficiary and owner. All previously mentioned conditions also apply to planned gifts of insurance.

Life Estate

Donors interested in receiving a charitable income tax deduction by gifting their primary residence or farm to MVNU, while retaining full use of and rights to the property during their lifetime may do so. *See section on real estate (p. 8).*

Pooled Income Fund

This type of giving is sometimes called a charitable mutual fund. It allows the donor with less than \$10,000 in assets to be donated to MVNU the ability to 'pool' their funds with other like-minded individuals or couples for scholarships. One such fund is "CHOICE" (Christians Helping Others In Christian Education). All bequest and current donations for scholarships that do not designate a specific fund will be allocated to the CHOICE pooled fund.

Reporting Policy

All irrevocable planned gifts will be reported at full fair market value.