

**GIFT ACCEPTANCE POLICY**  
**LOWELL EDUCATION FOUNDATION**  
**3/11/2015**

**I. Purpose**

The purpose of this statement is to articulate the policies of the Board of Trustees (the Board) of the Lowell Education Foundation, LEF or “the Charity”, concerning the acceptance of charitable gifts to the Charity. The Board of LEF will adopt appropriate procedures to implement these policies.

**II. Responsibility to Donors**

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

**III. Gift Restrictions**

- A. Unrestricted Gifts. To provide LEF with maximum flexibility in the pursuit of its mission, donors shall always be encouraged to make unrestricted gifts to the Charity.
- B. Budgeted Programs or Facilities. The Charity may accept a gift that is restricted as to its use if the Charity’s approved budget for the year in which the gift is to be accepted includes proposed funding for the specific program, purpose or facility for which the restricted gift is made.
- C. Other Restrictions. LEF may accept a gift that is restricted as to a use if the Charity’s budget for the year in which the gift is accepted does not include funding for the restricted use of the gift, with the prior written approval of the LEF Board.
- D. Variance Power. Unless otherwise approved in advance by the LEF Board, the Charity will reserve the right, in the document that restricts the use of the gift, to broaden or alter the purpose of the gift should it be determined in the future that the original purpose of the gift no longer meets the needs or serves the mission of the Charity.

#### IV. Donor Recognition

- A. General. The LEF Board may establish criteria for the recognition and honoring of a donor with certain honors or benefits based on various giving levels achieved by a donor and the type of gift. These honors or benefits may include the listing of the donor's name on a roll or plaque of significant donors or the opportunity to receive invitations to donor recognition events.
- B. Buildings and Other Facilities. Except in the case of naming opportunities that appear on a schedule of naming opportunities approved by the LEF Board in the context of a capital campaign, the development staff of the Charity shall make no commitments to a donor concerning the naming of buildings or other facilities without the approval of the LEF Board.

#### V. Fiduciary Relationships

- A. General. Unless approved in advance by the LEF Board, the Charity will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
- B. Trusteeship. LEF may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the Charity's gift annuity program. The Charity may serve as trustee of charitable remainder trusts, provided that no less than 50% of the remainder interest in the trust is irrevocably dedicated to the Charity, and the charitable remainder trusts meet the minimum standards established from time to time by the gift planning procedures of the Charity. The Charity may serve as trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The Charity will not serve as co-trustee of a trust.

#### VI. Commitment of Charity Assets

- A. Bargain Sale. Commitment of funds of the Charity in a bargain sale transaction to acquire assets from a donor shall require the prior written approval of the LEF Board. Such approval shall generally be restricted to situations in which the asset to be acquired is one that will be used by the Charity in its program or that can be readily disposed of for cash within a reasonable time.
- B. Partnership and Other Liabilities. LEF will not accept interests in partnerships or other investment entities exposing the Charity to liability, including the obligation to provide capital contributions or other funding for the investment, without adequate indemnity from the donor to fulfill those obligations.
- C. Real Estate. While the Charity encourages gifts of real estate, potential liability of the Charity arising from real estate should be minimized pursuant to procedures adopted by the LEF Board.

#### VII. Reporting and Valuation Standards

- A. Reporting. For campaign and other reporting purposes, LEF shall use the National Committee on Planned Giving Guidelines for Reporting and Counting Gifts ([www.ncpg.org](http://www.ncpg.org)).

- B. Valuation of Planned Gifts. To evaluate the LEF's planned giving program and to compare the relative value of various planned gift approaches, the Charity shall utilize the National Committee on Planned Giving Valuation Standards for Charitable Planned Gifts.

#### **VIII. Ethical Standards**

LEF is committed to the highest ethical standards. Development staff at all levels of the organization shall adhere to the Model Standards of Practice for the Charitable Gift Planner adopted by the American Council on Gift Annuities and the National Committee on Planned Giving.

#### **IX. Delegation**

- A. Staff. Implementation of these policies is delegated to the Chairperson of the Planned Giving Committee. The Planned Giving Committee and its Chairperson shall be responsible for oversight of the acceptance of all gifts by the Charity.
- B. Planned Giving Committee. The LEF Board shall delegate to Planned Giving Committee the responsibility of developing and implementing procedures for the acceptance and distribution of gifts to the Charity.

#### **X. Approval of Exceptions**

Acceptance of gifts to the Charity in a manner that is in any way inconsistent with this statement of policy must be approved in writing by the LEF Board.

#### **XI. Periodic Review**

- A. General. A committee of the LEF Board shall periodically (but no less frequently than every five years) review these policies to ensure that they continue to accurately describe the policies of the Charity with respect to acceptance of charitable gifts, and shall propose to the full LEF Board for adoption those revisions that the Committee shall determine to be necessary or appropriate in order for the Statement of Policy to accurately reflect the policies of the Charity.
- B. Specified Review. These policies shall be reviewed and ratified by the LEF Board each time the Board determines that the Charity will embark on a capital or other fundraising campaign. These policies shall also be reviewed upon the enactment or promulgation of legislation or regulatory rules affecting fundraising and gift acceptance by LEF, to assure continued compliance by the Charity with relevant legislation and rules.

## **Purpose**

The purpose of these procedures is to implement the Gift Acceptance Policy adopted by the Board of Directors of LEF. These procedures describe the types of assets that the LEF will accept and the guidelines to be observed by its staff in accepting and documenting the gift of those assets. These procedures apply to all gifts received by LEF.

### **I. Donor Expenses**

- A. General. As a general rule, and except as provided elsewhere in these procedures for specific assets, including real estate, expenses associated with a donor's gift should be borne by the donor. Typical expenses include appraisal fees to substantiate the value of the donor's gift for tax purposes and the donor's legal fees.
- B. Payment by Charity. The Charity may, with the prior approval of the LEF Board agree to pay some or all of the donor's expenses associated with the gift following a determination by the LEF Board that doing so is necessary to facilitate the gift.

### **II. Written Agreements**

- A. General. All gift arrangements other than a simple outright gift of cash shall be memorialized in a written document describing the restrictions, if any, imposed on the gift by the donor and other obligations that may be undertaken by the Charity with respect to the gift.
- B. Legal Counsel. All gift agreements prepared by LEF shall be reviewed and approved by the Charity's legal counsel. Once the document is approved, it may then be forwarded to the donor (and his or her advisor) for review. No review or approval by the Charity's counsel shall be necessary if an agreement is contained on a form that has been previously approved by the Charity's legal counsel.
- C. Signatures. The following persons are authorized to sign gift agreements on behalf of the Charity: President, Vice President, and Treasurer.

### **III. Pledges**

- A. Binding Commitment. The Lowell Education Foundation Board will encourage donors wishing to make their gifts in installments over time to document their commitment to the Charity in a written Pledge Agreement that will create a binding legal obligation on the donor, as well as a claim against the donor's estate if the commitment remains unpaid at his or her death. For donors wishing to retain more flexibility by making their commitment nonbinding, documentation shall be referred to as a "letter of intent" in order to avoid confusion with binding commitments documented as Pledge Agreements. Nonbinding letters of intent shall not be counted as direct gifts. The following guidelines apply to Pledge Agreements in which the donor undertakes a binding legal obligation.
- B. Duration. Unless a longer period is approved by the Board, the Pledge Agreement will specify the installments in which the gift is to be paid over a period not to exceed five years. The Board is responsible for recording, acknowledging, billing and monitoring the status of all pledges and payments.

- C. Minimum Amount. Pledges payable over more than one year shall be at least \$50,000.
- D. Donor's Estate. Each Pledge Agreement shall provide that any portion of the donor's commitment remaining unpaid at the donor's death shall be a liability of the donor's estate, enforceable by the Charity.

#### **IV. Named Funds**

- A. General. A donor may establish a named endowment fund, subject to the LEF's endowment, investment and spending policies, for general purposes of the Charity or for restricted purposes approved in accordance with these procedures.
- B. Minimum Contribution. A named fund requires a minimum commitment of \$100,000. It may be established with a minimum initial contribution from the donor of \$20,000 if the donor enters into a Pledge Agreement to bring the endowed fund to a minimum of \$100,000. The Board can accept a smaller contribution upon approval by the Board at a regular meeting.
- C. Administration of Named Funds. The assets contained within each named endowment fund shall be commingled for investment and administration with the endowment fund of the Charity. All policies applied to those endowment funds, including the formula for spending from endowment funds, shall apply to all named funds.
- D. Variance Power. Unless otherwise approved in advance by the Board, the Charity will reserve the right, in the gift agreement creating the named endowment fund, to broaden or alter the restrictions as to the use of the endowment fund, should it be determined in the future that the original restricted purpose of the named endowment no longer meets the needs or serves the mission of the Charity.
- E. Termination of Named Fund. A named endowment fund may be terminated if the LEF Board determines that the market value of the assets remaining within the fund is uneconomically low in relation to the cost of administering the fund. In such case, all remaining assets within the named fund shall be transferred to the general endowment fund of the Charity to be administered pursuant to its terms.
- F. Tribute Tree. The Tribute Tree requires a minimum commitment of \$400.00.

#### **V. Closely Held Stock**

- A. General. Stock that is not regularly traded on an established national exchange such as NYSE or NASDAQ may not be accepted without the prior written approval of the Board.
- B. Opportunities For Sale. Criteria to be applied in evaluating the closely held stock include the long term prospects for the company and if there is an opportunity for the Charity to sell the stock for cash in the foreseeable future, for example pursuant to a planned sale of the company.
- C. Subchapter S. If the company in question is a Subchapter S corporation, another criteria shall be the UBTI consequences of holding and selling the stock.
- D. Minimum Amount. Gifts of closely held stock should be at least \$100,000.

## **VI. Interests in Partnerships and Limited Liability Companies**

- A. General. Interest in partnerships and limited liability companies may only be accepted with the prior written approval of the LEF Board.
- B. Limited Liability. The principal factor to be evaluated by the LEF Board shall be the determination that the Charity will not incur liability as a result of holding this asset. The Board will review, or request legal counsel to review, the governing documents of the partnership or limited liability company to determine if capital call provisions might require the Charity to contribute funds to the partnership or LLC. Assuming there are no such capital call provisions, the Board must determine that the entity is either a limited liability company or a limited partnership and, if the latter, that the interest that the Charity will receive is a limited partner interest. The Charity will generally not accept general partner interests.
- C. UBTI. The Board must evaluate, with assistance from financial experts if required, the possibility that UBTI will be attributed to the Charity as a result of ownership of the interest in the partnership or LLC.
- D. Minimum Amount. Gifts of partnership or LLC interests shall be at least \$100,000.

## **VII. Tangible Personal Property**

- A. General. The Charity may accept tangible personal property gifts valued at \$10,000 or more with the prior written approval of the Board.
- B. Related Use. The LEF Board must determine if the tangible personal property would be retained by the Charity for use in its programs. If so, the Board (before giving its approval) shall determine who would be responsible for the continuing use of the tangible personal property, the estimated carrying costs, including insurance, storage, curatorial services, maintenance, etc., for the property. The Board shall also evaluate whether any restrictions on use of the property that are required by the donor are consistent with the institutional needs of the Charity.
- C. Unrelated Use. If the property will not be retained for use by the Charity, the Board must determine, prior to recommending the gift for approval, a plan for selling the property for cash, including the anticipated time frame and marketing expense for the proposed sale.

## **VIII. Life Insurance Policies**

- A. General. Donors shall be encouraged to name LEF as a primary or contingent beneficiary of their life insurance policies.
- B. Recording the Gift. To be recorded as a gift, the Charity must be named as both a beneficiary and owner of the life insurance policy. The Charity will also record gifts of cash by the donor to be used by the Charity to pay premiums on a life insurance policy that it owns.

## IX. Real Property

- A. Approval. LEF will accept the gift of real property only if the Board is reasonably convinced that the acceptance of such property represents the advancement of LEF goals and does not represent the possibility of a financial risk to the organization.
- B. Information. The Board shall in compiling relevant information regarding the real estate gather all information necessary including:
1. A copy of the Deed conveying the property to the donor.
  2. A copy of the current property tax bill.
  3. A preliminary title insurance report.
  4. A copy of each promissory note, mortgage, deed of trust or other liens on the property.
  5. A copy of each lease or other contract affecting the property.
  6. If the property is income producing, a copy of the profit and loss statements for the two most recent years.
  7. A summary of current insurance coverage for the property.
  8. Copies of correspondence with governmental authorities, tenants or prospective purchasers concerning the property.
  9. A current market analysis of the property.
- C. Environmental Review. If after reviewing this information, the LEF Board determines that sale of the real estate is likely to provide proceeds to the Charity of at least \$100,000, the Board shall determine, based on physical inspection of the property, whether further evaluation of environmental hazards on the property is required to protect the Charity from liability.
- D. Physical Inspection. A designee of the LEF Board shall conduct a physical inspection of the property, or arrange for such inspection by a professional inspector, and a written summary of the inspection shall be included in the file documenting the consideration and acceptance of the gift.
- E. Title Insurance. The Charity shall obtain a policy of the insurance protecting its title to the real property received from a donor.
- F. Remainder in Residence. The Charity may accept the gift of a personal residence subject to the donor's retained life state. The estimated value of the residence, net of encumbrances, must exceed \$100,000. The retained interest can extend beyond no more than two (2) lives. The gift shall be documented with a deed and life estate agreement approved by the Charity's legal counsel, with the life estate agreement clearly delineating responsibility for expenses of taxes, insurance and maintenance of the property. While the Charity should not accept responsibility for contributions for capital improvements such as plumbing or roof repairs, it should retain the right to perform maintenance or make

required repairs if the Charity determines it is necessary to protect its economic interest in the property.

**X. Retirement Plan Assets**

- A. General. LEF will accept funds it receives as the designated beneficiary of a retirement plan (for example, an IRA, a 401(k) plan or a defined contribution plan). The Charity should obtain a copy of the executed designation form that the donor has submitted to the retirement plan administrator to name the Charity as the beneficiary.

**XI. Other Assets**

- A. General. Acceptance of any other type of property as a gift to the Charity shall require the prior written approval of the Board.
- B. Vehicles. The Charity will generally not accept gifts of automobiles, boats or other vehicles.