



THE KING'S COLLEGE

GIFT ACCEPTANCE POLICY

Introduction

The King's College (the "College") has established the following Gift Acceptance Policy.

The purpose of the Policy is to give guidance and counsel to those individuals within the College community concerned with soliciting gifts. All gifts are to be accepted or rejected in accordance with the policies set forth herein. To prevent misunderstandings and conflicts, these guidelines should be viewed as flexible and realistic in order to accommodate unpredictable fundraising situations and donor expectations. Such situations and expectations, however, must be consistent with the College's mission and this Policy.

The scope of this Policy is limited to acceptance or rejection of proposed gifts; it is not intended to cover disposition of property owned by the College.

Gift Definition

A gift is defined as a voluntary transfer of assets from a person or an organization to the College where no goods or services are expected, implied or forthcoming for the donor. Gifts usually take the form of cash, securities, real property or personal property. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Gifts are irrevocable transfers of assets. The College is not obliged to return unexpended funds. (If for some reason, the College is unable to comply with the donor's intent, or if the gift has been misdirected to the College, a return of gift may be issued at the College's discretion, less any out of pocket expenses.)
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the College and the donor, except for certain deferred gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.
- A period of performance is not specified.
- 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 memorial or scholarship gifts.
- 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 are classified as gifts unless the grant requires performance or other consideration.
- A gift is not completed until it has been accepted by the College.

Gift Acceptance Conditions

The College will accept only gifts that are consistent with the core educational values of the College and are:

- compatible with the mission of the College and of its individual programs;
- in compliance with the IRC and other federal statutes, regulations, rulings, or court decisions that stipulate the conditions under which contributions can be tax favored; and
- compatible with the College's tax-exempt status.

Unless a specific exception is granted by the College will not accept any gift that:

- violates any federal, state or local statute or ordinance;
- creates a fund to provide for scholarships, fellowships, professorships, chairs or lecture series with restrictive clauses that could cause embarrassment to the College, or that reserve to the donor or his/her representative the right to designate the recipient;
- contains a condition that requires any action on the part of the College that is unacceptable to the College administration;
- commits the College to name a fund where the gift is potentially revocable in any way;
- requires the College and its administration to employ a specified person now or at a future date;
- contains unreasonable conditions (i.e. a lien or other encumbrance) on gifts of partial interests in property;
- requires tuition payments for a family member of the donor or any other individual designated by the donor;
- exposes the College to litigation or other liabilities;
- requires the payment of maintenance costs or other expenses (e.g. debt service) for which no specific provision has been made; generates unrelated business income to the College; or appears to be financially unsound; requires the College to allow the donor, or donor designated persons to direct the selection of any investment of the funds by the College, or requires the College to invest the funds in any entity that is owned, managed or controlled by the donor, or any family member of the donor.

The College retains the right to immediately sell all gifts of stock or property so that it can invest the proceeds in accordance with the College 's investment policy.

The College recognizes that the donor must have donative intent and accept the gift's fair market value as determined by the college. Otherwise, there is the potential for disappointment and discrepancy between the amount of the gift reported by the donor on IRS Form 8283 and the sale proceeds reported later by the college on IRS Form 8282. Under no circumstances will the College agree to hold properties for more than two years if the donor's primary intent for such a provision is to circumvent IRS requirements.

Fees

- A. Finder's Fees or Commissions: No finder's fee or commission of any type will be paid by the College to any party in connection with the completion of a gift to the college without the prior written approval of the College.
- B. Professional Fees: All fees incurred by the donor in the completion of a gift to the College will be paid by the donor unless payment, or a portion thereof, by the College is authorized by the College.

Appraisals

All appraisals of real and personal property contributed to the College shall be done in accordance with IRS Publication 561, "*Determining the Value of Donated Property*." A real property valuation should be prepared by an MAI appraiser. Personal property should be appraised by a qualified appraiser acceptable to the College. Expenses incurred to obtain an appraisal shall be the responsibility of the donor.

Legal Counsel

The College shall encourage donors to consult independent tax and/or legal counsel prior to making a contribution to the college. It is the donor's responsibility to directly employ and compensate independent legal and tax counsel in these transactions. Prior to signing agreements as to gifts, such as gifts of partial interests, charitable remainder trusts and charitable lead trusts, counsel for the donor should review and approve the document. Independent legal representation of the donor will limit the possibility that the gift will be challenged by heirs who claim the College exerted undue influence in order to procure the gift. The College will not provide legal advice to donors.

Gift Acknowledgement

The College 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.

Types of Acceptable Gifts

Gifts are either outright or deferred. The most common gifts to the College are outright gifts. In addition to cash gifts, the College accepts gifts of securities, real property, and personal property. Deferred gifts, also called planned gifts, are arranged with the college during the donor's lifetime, but the benefits do not accrue until a later time, usually after the death of the donor or his/her beneficiaries. Bequests are the most common deferred gift. Other such gifts include naming the College as the beneficiary of a life insurance policy.

Cash Gifts

a. Policy:

Cash and checks may be accepted regardless of the amount.

b. Guidelines:

The value of any cash or check gift is its face value. Checks should be made payable to The King's College, and sent to 350 Fifth Avenue, Suite 1500, New York, NY 10118.

Funds may also be wire transferred to the College. Donors should consult a representative of their financial institution to make contributions via wire transfer. Donors should also notify the College when such transfers are initiated to ensure appropriate and timely gift acknowledgement and that the gift is credited to the proper College account. College wire transfer instructions are as follows:

Citibank, N.A. Br. #644
Tallman Branch
250 Route 59
Suffern, NY 10901
A/C#: 14833230
For The King's College
ABA #: 021000089

Publicly-Traded Securities

a. Policy:

Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ; corporate bonds; government issues and agency securities may be accepted by the college.

b. Guidelines:

The College may sell such securities as soon as possible after the securities have been transferred to the College. The College may, also, elect, in its sole discretion, to retain such securities and sell them at a later

date. 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 transfer is affected by the donor to the College. 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 Publication 561.

Donors should notify the College of the securities being gifted, the number of shares, the intended gift date and the intended use of the gift.

Closely Held Securities

a. Policy:

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

b. Guidelines:

Valuation of closely held securities may be difficult due to infrequent trading which makes it difficult to establish fair market value. If a donation of closely held stock is being considered, IRS Publication 561 should be followed in valuing this type of security. Unless there is an active market for a security, if the value of the gift is estimated to be \$5,000 or more, the donor shall provide an appraisal report prepared by a qualified appraiser.

Closely held securities will be acknowledged by description and valued initially by the College at \$1.00. The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than \$1.00 has been assigned to the gift by the College, the College will advise the donor and provide written documentation.

Restricted Securities

a. Policy:

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 only after approval by the College.

b. Guidelines:

If restricted securities are being considered as a gift to the College, IRS Publication 561 should be consulted when determining the value of the securities. If the value of the gift is estimated to be \$5,000 or more, the donor shall provide an appraisal report prepared by a qualified appraiser.

Restricted securities will be acknowledged by description and valued initially by the College at \$1.00. The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than \$1.00 has been assigned to the gift by the College, the College will so advise the donor and provide written documentation.

Mutual Fund Shares

a. Policy:

Mutual fund shares may be accepted by the College.

b. Guidelines:

The fair market value of mutual fund shares will be determined by the public redemption price of the shares on the valuation date of a gift of this nature. If such a price is not readily available, then the value shall be determined as if the shares were untraded securities in IRS Publication 561.

Gifts of Real Property

a. Policy:

The College may accept gifts of real property, both improved and unimproved, in accordance with this Policy.

The College may accept gifts of oil and gas interests in the form of royalty or mineral interests in accordance with this Policy.

Generally, the College will attempt to sell any property received as a gift at a reasonable price, as reflected by the current market as soon as possible. However, all gifts of property will be reviewed on a case-by-case basis and may be considered for retention.

b. Guidelines:

The College may require the following information in order to consider acceptance of a gift of real property:

- A title insurance commitment showing marketable title in the donor, free and clear of unacceptable encumbrances, issued by a reputable title insurance company;
- An MAI appraisal by a qualified appraiser;
- A phase one environmental audit by a qualified engineer indicating that ownership will not expose the College to environmental liabilities;
- At the election of the College, a market feasibility study for the property;
- ALTA survey of the property by a registered land surveyor;
- Evidence of compliance with ADA (when applicable);
- A structural engineering report (when applicable);
- A review of leases (for commercial property);
- A disclosure statement for residential property (when applicable).

Under applicable Treasury regulations, a donor must pay for any initial appraisal made on the property. 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 College's requirements outlined above.

Special attention shall be given to a proposed gift of real estate encumbered by a mortgage that will not be paid in full by the donor at the time of transfer. The College's ownership of such encumbered real property may generate unrelated business income to the College pursuant to the IRC and disqualification of certain split interest gifts.

Real property will be acknowledged by description and valued initially by the college at \$1.00 per legal description. The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for

tax purposes. If, after review, a value other than \$1.00 has been assigned to the gift by the College, the College will advise the donor and provide written documentation.

Gifts of Real Property with Retained Life Estates or other Restrictions or Limitations

a. Policy:

The College may accept either a gift of real property with a retained life estate or subject to other interest(s) for terms of years, or other limitations as to timing of the vesting of the interest or use or sale restrictions with approval of the College.

b. Description:

A gift of real property with a retained life estate involves the transfer of the title to a personal residence or farm to the College 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.

c. Guidelines:

Such gifts are subject to both the general conditions and the guidelines for acceptance of outright gifts of real property as set forth in the paragraph entitled "*Gifts of Real Property*". The College shall encourage donors to consult independent tax and/or legal counsel prior to making a gift of this type. 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, utilities, maintenance/repairs and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this property.

Tangible Personal Property

a. Policy:

The College will consider gifts of tangible personal property, including but not limited to, works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, only after a review indicates that the property is readily marketable, and free and clear of encumbrances or needed by the College for use in a manner which is related to its mission.

Authority to accept gifts of tangible personal property has been delegated to the Vice President of Institutional Advancement.

b. Guidelines:

No gift of personal property subject to the requirement of ownership by the College in perpetuity shall be accepted without approval of the Vice President of Institutional Advancement. No perishable property or property that would require special facilities or security to be properly safeguarded shall be accepted without approval of the College. For tangible personal property with an estimated fair market value of less than \$500, the donor must furnish the College with the following information:

- Donor's name, address, and telephone number
- Contact person if the donor is a corporation
- Donor's social security number or federal tax identification number

- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value

Prior to the donation of personal property with an estimated fair market value of between \$500 and \$5,000, the donor must furnish the College, in addition to the items listed above, with an appraisal of the donated assets by a qualified party dated no earlier than 60 days prior to the date of the donation. For donations of personal property with an estimated fair market value over \$5,000, the donor must furnish the Foundation with the following, in addition to the information required for personal property donations of \$5,000 or less:

- An independent evaluation from a qualified appraiser dated no earlier than 60 days prior to the date of donation; and
- Verification that the donor has met the reporting requirements for IRS Form 8283, "*Non-Cash Charitable Contributions Appraisal Summary*."

The donor is advised to consult IRS Publication 561 and their own counsel in establishing the value of their gift for tax purposes. If, after review, a value other than \$1.00 has been assigned to the gift by the College, the College will so advise the donor and provide written documentation.

Bargain Sale

a. Policy:

The College, upon review and approval, may purchase real estate, securities, or other property on a bargain sale basis.

b. A "**bargain sale**" is a sale of property to the College for an amount less than the property's current fair market value. The excess of the value over the sales price generally represents a contribution to the College.

c. Ordinarily the purchase price for the property should not exceed 60% of its appraised value. Exceptions may be made with the prior approval of the College. 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.

Other Personal Property

a. Policy:

Other personal property of any description, including mortgages, notes, copyrights, royalties, partnership interests, closely held business interests, undivided interests in property, future and partial interests and other illiquid financial assets may be accepted only upon prior review and approval of the College.

b. Guidelines:

A written summary of the proposed gift shall be submitted to the College. At a minimum, the summary shall include the following information:

- description of the asset;
- the purpose of the gift, whether its unrestricted or restricted and if restricted, the College department(s) to benefit from the gift;
- estimate or appraisal of the asset's fair market value and marketability;
- potential for income and expenses, encumbrances, and carrying costs prior to disposition;

- any environmental risks or problems revealed by audit or survey;
- credit history or financial statement of financially responsible party, if applicable;
- any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, realtors or brokers with whom the donor would like the College to list the property, etc.);

The College will review the material and either accept or reject the proposed gift (or, if necessary, postpone a decision pending the receipt of additional information).

Deferred Gifts

Any planned gift agreement that requires execution by the College shall first be reviewed and approved as to form and substance by the College's legal counsel. It is recommended that prospective donors who are considering gifts to the College that will take effect at the donor's death, consult with the College regarding how to properly designate the gift and to discuss any trust or bequest restriction that is being considered.

Bequests

a. Policy:

Direct, unencumbered bequests shall be accepted by the College if the underlying assets are in conformity with the guidelines set forth in this Policy entitled "Outright Gifts". The College reserves the right to reject gifts from the estates or trusts of deceased donors that are not in conformity with the terms of this Policy.

b. Description:

A bequest to the College is made in the donor's will or revocable trust. The donor can designate a specific amount, a percentage, or the remainder of an estate to the College.

c. Guidelines:

Donors should be encouraged to notify the College's Development officers when considering a bequest in order to ensure that the assets left to the College meet the criteria set forth in this Policy.

Charitable Remainder Gifts

a. Policy:

The College shall not accept a charitable remainder trust without prior review and approval of the College. Where the trust is testamentary, that is, one that arises upon the death of the donor, the College reserves the right to disclaim any interest that would be in violation of this Policy.

b. Description:

A charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiary(ies) either for life or a term of years (not exceeding twenty). At the end of that period the remaining assets are distributed to one or more charities.

A charitable remainder annuity trust pays a fixed annual amount to the income beneficiary, which must be at least 5% of the fair market value of the assets initially contributed to the trust. This amount does not change and no additional gifts may be made to the annuity trust after its creation.

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

Three variations of the unitrust exist. A "straight" unitrust pays the income beneficiary the stipulated amount, even if it is necessary to invade principal to do so. A "net-income" unitrust pays the lesser of the stipulated amount or the actual net income, so principal will not be invaded. A "net-income with make-up-provision" unitrust is like the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount.

c. Guidelines:

The College may serve as trustee of any charitable remainder trust to which the initial contribution is at least \$100,000 (unless for good cause the College approves a lesser amount) and in which the College is named as the sole residuary beneficiary.

If the income interest is for life, the beneficiary(ies) must be at least 50 years of age unless the College approves a younger age.

Where payments are to be made for the lives of multiple beneficiaries, there may be no more than two beneficiaries unless approved by the College.

Charitable Lead Trusts

a. Policy:

Charitable lead trusts shall not be accepted by the College without prior review and approval of the trust agreement by the College. Where the trust is testamentary, that is, one that arises upon the death of the donor, the College reserves the right to disclaim any interest that would be in violation of this Policy.

b. Description:

A charitable lead trust is a trust in which the income, or "lead" interest, is paid to the College, and the "remainder" interest is given to one or more non-charitable beneficiaries, who could be either the donor or family members. The amount paid to the College 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.

c. Guidelines:

The College may serve as trustee of a charitable lead trust to which the initial contribution is at least \$100,000. A trust may be funded with a lesser amount, subject to prior approval of the College.

The trust term may be at the discretion of the donor, subject to the approval of the College.

Designating the College as Beneficiary

a. Policy:

The College 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 College is required.

Life Insurance Policies

a. Policy:

The College will accept gifts of life insurance policies, including whole life, variable and universal life policies, which meet the guidelines specified below. The College can also be named as a beneficiary of a term insurance policy.

b. Guidelines:

Gifts of life insurance policies which meet the following criteria may be accepted:

1. The policy is either paid-up or, if not paid-up as of the date of the gift:

- has a minimum face value of \$50,000;
- has a payment schedule not to exceed twelve years and which assumes an interest rate not to exceed the average historical dividend rate for the prior three-year period (for existing policies an "in force" illustration will be required); and
- requires a written pledge of a charitable contribution from the donor to the College in a total amount which equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the absolute ownership by the College of the policy given and acknowledge the resulting right of the College to cash-in the policy and apply the proceeds of the same in accordance with donor intent.

2. The College is designated as the owner and the beneficiary of the policy. While the policy will identify the Foundation as the beneficiary, there should also be a written agreement between the donor and the College to transfer ownership of the policy to the College.

Policy Effective Date

April 1, 2009