PHILANTHROPIC FOUNDATION

POLICIES AND PROCEDURES

Subject: Gift Acceptance Policy **Policy No. 110**

Effective Date: 02/05/2020
Reviewed: 05/22/2026

Table of Contents

Gift Acceptance Policy

Purpose

To provide clear guidelines for gift acceptance policies that defines the types of assets that are acceptable for use by the Cal Poly Pomona Philanthropic Foundation (the Foundation).

Gift Acceptance Policy

The Foundation accepts a variety of gifts that are offered to the Foundation by a living or deceased individual donor, corporation, and other entities, including public and private foundations. The Foundation is the authorized entity to accept philanthropic contributions on behalf of California State Polytechnic University, Pomona (the University) and its associated auxiliaries.

Gifts must meet the following criteria to be considered deductible for tax purposes:

1. The Foundation must be reasonably satisfied that the Donor has the legal authority to make the gift;

2. that appropriate instruments of conveyance of title have been delivered and properly executed; and

3. the source(s) of the funds does not violate public or institutional policy.

No gift may be received that is subject to any conditions or pre-arrangements unless full disclosure has been made in accordance with policy set forth in this document. All such gifts shall be subject to the specific requirements that pertain to the type of asset that is the subject of the gift.

The Foundation follows all IRS Regulations and Council for Advancement and Support of Education (CASE) guidelines for gift acceptance. The Foundation shall not accept gifts with restrictions, or from organizations, that violate either the Foundation's or the University's ethical standards, or those that require expenditures beyond their resources, that compromise the academic freedom of the University community or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability, sexual orientation or any other basis prohibited by federal, state and local laws and regulations. Per Federal law and regulations, the Foundation shall not accept gifts from businesses involved in the cultivation and/or sale of marijuana or from known terrorist groups. The Foundation shall make all reasonable efforts to ensure the entity is not accepting donations from these organizations in order to avoid compromise of ethical standards.

Gifts from Faculty and Staff

Gifts from faculty and staff of the University must meet the following three criteria to be considered deductible for tax purposes:

1. Charitable intent should be the primary reason for making the contribution.

2. The contribution must be credited to a fund not under sole control of or does not personally financially benefit the donating faculty or staff member.

3. The faculty or staff donor should not receive or expect to receive future remuneration from the fund to which their gift was credited.

Delegation of Authority
[Executive Order No.: 676]
Title: Delegation of Gift Evaluation and Acceptance to Campuses Effective Date: February 1, 1998
Supersedes: No Prior Executive Order
This Executive Order is issued pursuant to authority granted by Education Code Sections 89035 and 89720, and the Standing orders of the Board of Trustees, Chapter III, Sections 2 and 4-b and e.

To facilitate and encourage fund raising activities and to give campuses more autonomy in fund raising efforts, the following delegations are approved effective immediately:

- Authority is delegated to campus presidents to evaluate and accept gifts, bequests, and donations of personal property to campuses. Campus presidents may further delegate this authority in whole or in part to campus officers and employees. Henceforth, campuses will evaluate potential campus gifts, bequests, and donations and accept and receipt campus gifts, bequests, and donations in accordance with the requirements of the California Education Code (see below).

- Authority is delegated to campus presidents to accept gifts of interests in real property to campuses on behalf of the Board of Trustees when acceptance has been authorized by a resolution of the Board of Trustees or is part of an approved campus master plan (Standing Orders, Chapter III, Section 7-b). Campus presidents may further delegate this authority to campus officers and employees.

In acting pursuant to this delegation, due diligence must be performed to ensure that all gifts accepted by the campus will aid in carrying out the primary functions of the campus and the California State University as specified in Education Code Sections 89720 and 66010.4(b), copies of which are attached to this Executive Order. Further, all gifts, bequests, devises, and donations which are accepted must be used in accordance with restrictions specified by the Donor. In the performance of these activities, campuses shall adhere to the spirit as well as the letter of all applicable laws and regulations.
All advancement programs and activities shall adhere to the Code of Ethics and Standards of Practice set forth by the Council for Advancement and Support of Education (CASE), the National Association of College and University Business Officers (NACUBO), and the National Society of Fund-Raising Executives (NSFRE).

In reporting fund raising results (required by Education Code Section 89720), campuses shall use accurate and consistent accounting methods that conform to the appropriate guidelines set forth by the Council for Aid to Education (CAE). Campuses shall submit the CAE report to the Division of University Advancement, Office of the Chancellor, for presentation to the Board of Trustees at its January meeting. This report shall also be sent by the Division of University Advancement to the California Postsecondary Education Commission, the Joint Legislative Budget Committee, and the California Department of Finance.

Gift Acceptance Committee

The Foundation recognizes that certain gifts should not be routinely processed, which receives its authority from the Foundation Board. All final decisions regarding the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Committee.

- The Committee shall consist of:

- Foundation CEO
- Foundation COO
- Foundation CFO or designee
- Executive Director of Advancement Services or designee
- Chair of Development Committee

Appraisals Policy

All gifts of real or personal property, whether outright or deferred, must be subject to a readily ascertainable value. It is the responsibility of the Donor to secure and pay for the appraisal for income tax reporting purposes if one is required.

Costs of Appraisal

The Foundation does not normally fund the Donor's cost of appraisal; however, the Foundation CEO has the discretion to approve this expenditure. Please note, if Donor is reimbursed for the cost of an appraisal, it may trigger a 1099 being issued for the cost of the appraisal.

Crowdfunding and Peer-to-Peer Fundraising Policy

Crowdfunding is a method of raising funds from a number of an institution's alumni, students, and friends via social media and/or online platforms. All crowdfunding and peer-to-peer fundraising efforts must use the University crowdfunding platform.

Any donations received from an unapproved platform will not be accepted unless authorized by the Vice President for University Advancement.

The following examples of are not allowed per CASE Global Reporting Standards and will not be accepted:

- Professor crowdfunds on an independent platform and accepts the funds directly.
- Student(s) crowdfunds on an independent platform and funds are given directly to the students or a student organization/club.
- Institution markets a crowdfunding campaign on an independent platform with funding going to a specific individual or individuals experiencing hardship.

Types of Gifts the Cal Poly Pomona Philanthropic Foundation Accepts

Cash

The Foundation accepts cash gifts in all negotiated forms. Checks should be made payable to the Cal Poly Pomona Philanthropic Foundation, but the Foundation accepts gifts on behalf of the University and as such, can accept checks made out to the University in any form.

Pledges

A pledge is a promise, either written or verbal, to make a contribution at a later date. For example, a donor may pledge to make contributions totaling $10,000 over the next five years.

Matching Gifts
The Foundation will process all matching gifts in accordance with CSU Policy 15401.00 Fundraising - Matching Gifts.

Securities Appreciated Securities Policy
The Foundation will accept marketable securities and closely-held securities subject to the conditions noted below.

Conditions and Limitations
The donor is responsible for the valuation of the stock for their tax purposes. The stock must be capable of valuation, not conditioned upon a pre-existing obligation for sale or transfer and free of any liens or encumbrances. The Foundation must be legally qualified to own and hold the security in the State of California, as well as the state in which the company does business.

Publicly Traded Securities
Securities that are traded on any major U.S. and Foreign Exchanges shall be accepted by the Foundation. Such securities will be sold immediately unless other instructions are in place. No employee or volunteer working on behalf of the Foundation may commit to a donor that a particular security will be held by the Foundation, sold through a specific broker or traded on instruction of the donor without the approval of the CEO of the Foundation. (Appendix A)

Mutual Funds
Mutual funds can be accepted.

Closely Held Securities
Closely held non-publicly traded securities include, but are not limited to, debt and equity positions in non-publicly traded companies, interests in limited partnerships and limited liability companies, stock options and S corporation stock. Acceptance of closely held non-publicly traded securities shall be examined and evaluated on a case by case basis with an analysis of the facts by the Gift Acceptance Committee which will consider any restrictions that would prevent conversion to cash, marketability, unrelated business taxable income (UBTI) and potential for any undesirable consequences of ownership. The Finance Committee shall have the option to present to the Board of Directors who may review and take action accordingly. The CEO and/or designee shall be authorized and directed accordingly to take any and all action as may be necessary to effectuate the acceptance of the gift of closely held securities.

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. No gift of this nature will be accepted without the prior approval of the CEO of the Foundation.

International Securities
International securities are handled on a case by case basis. If a donor wishes to give a gift of international securities, the following information is required to determine if the security is one the Foundation is allowed to hold and sell.

Security description
International Security Identification Number (ISIN)
Share quantity
Delivering firm information

Cryptocurrency

Cryptocurrency, or virtual currency/digital assets, is a virtual medium of exchange that uses strong cryptography to secure financial transactions and verify the transfer of assets. Cryptocurrency is defined by the IRS as a non-cash contribution.

The Gift Acceptance Committee will review and determine to accept all gifts of Cryptocurrency based on several factors including, but not limited to, the amount and type of virtual currency; the administrative burden and costs of setting up safe and secure mechanisms to accept and liquidate the gift; any relationship with donor or institution; the liquidity and ability to convert to US Dollars; the ability to maximize impact in support of the Foundation's charitable purposes. Cryptocurrency gifts of $5,000 or more will require a qualified 3rd party appraisal for the donor to take a deduction. As a rule, Cryptocurrency will be considered on a case by case basis to allow flexibility in acceptance and conversion, for the maximize benefit in support of the Foundation's charitable purposes. Cryptocurrency may be sold upon receipt and converted to US Dollars, or may be sold in a defined strategic conversion schedule. For example, if the Foundation determines that the immediate sale of thinly traded cryptocurrency or a large position in a particular cryptocurrency would disrupt the market, negatively impact the value of the donated asset, or jeopardize the public benefit of the contribution, the Foundation may liquidate the gifted asset over an extended period of time to preserve the value of the gift. Gifts of cryptocurrency will be reported institutionally at the cash conversion value when converted.

Gifts from Foreign Sources

The Cal Poly Pomona Philanthropic Foundation will accept gifts from foreign sources. Gifts of $250,000 or more cumulative annually from foreign sources will be reported according to HEA requirements.

Gift in Kind

Per the Council and Support of Education (CASE), gifts-in-kind are generally defined as noncash donations of materials or long-lived assets, other than real and personal property. Gifts of materials or long-lived assets that are directly related to the mission of the institution should be reported at the face value (or fair market value). Departments must coordinate with University Advancement to ensure that the gift-in-kind acceptance requirements are met, and the donation is properly acknowledged with appropriate authorization signatures. The Department is responsible for itemizing and obtaining the fair market value of donated gifts and reporting this information to University Advancement. Advancement Services reserves the right to bring other gift-in-kind donations to the gift acceptance committee as needed for processing determination.

Tangible gift-in-kind items include, but are not limited to, books, works of art (see specific section on accepting Art), manuscripts or archival materials, automobiles, films, video tapes, boats or sporting equipment, computer equipment, furniture, animals, office equipment, machinery, and lab equipment. Intangible gift-in-kind items include, but are not limited to, computer software, patents, easements, and copyrights. The deduction allowable for these types of gifts depends on how long the donor has owned the property and if it is related to the charitable purpose of the University.

The University will assess the financial desirability of receiving assets as gifts from potential donors and determine whether or not to accept a gift as offered. The University reserves the right to decline gifts and may refuse gifts that are offered for purposes that are inconsistent with its educational mission.

Per IRS Publication 1771 Substantiation and Disclosure Requirements it is the Foundation's policy to exclude the listing of a dollar value of a gift in the receipt letter for any gift-in-kind as the value is determined by the donor when gifted.

It is an IRS requirement that an individual making a property gift in excess of $5,000 must file a copy of form 8283 with the IRS. Filing of form 8283 by the donor must include a written appraisal verifying the value of the gift and a receipt of the gift (Acknowledgement) from the Foundation. Should the Foundation decide to sell or dispose of the gift which was valued at over $5,000 recorded on form 8283 within a three-year period from the date of receipt, the Foundation is required to complete and submit a corresponding form 8282 with the IRS stating date of disposition and value received. A calendar will be maintained by the Foundation to assure that the 8282 requirements are met.

When gifts-in-kind are given to the Foundation with the intent of the donor to receive a tax deduction, it is the responsibility of the donor, not the Foundation to obtain a qualified appraisal of the gift for tax purposes. Unless an exception is warranted, it will be the Donor’s responsibility to pay for the appraisal.

Gift-in-Kind Recipient Determination

University (State) is the donee for gifts of equipment and other gifts-in-kind that will directly benefit the instructionally related activities of the University. The University is the donee for all gifts of animals. The University should not be the recipient of Gift-in-Kind intended for sale. A faculty or staff member should be listed as the recipient of the Gift-in-Kind on the Acceptance Form. If students are involved in the receiving of a gift, the faculty or staff member who is both overseeing the work of the students and taking responsibility for the gifts that are received will be the appropriate person to list on the Gift-in-Kind Acceptance Form.

Enterprise Foundation is the donee for gifts of equipment that will be used for the enterprise ventures on the campus or sponsored research, patents and copyrights.

Philanthropic Foundation is the donee of Gifts-in-Kind contributed with the understanding that the gift may be sold.

ASI is the donee of Gifts-in-Kind contributed to benefit ASI programs.

Gifts-in-Kind to Student Clubs are considered gifts to the University rather than to ASI and depending on the nature of the Gift-in-Kind it will be accepted by the University, the Enterprise Foundation, or the Philanthropic Foundation.

Alcohol donations may be accepted provided they have a related use to the university or sold at auction. See University policy on Alcohol for additional information.

Gifts of Artwork

All gifts of art must comply with CSU Policy on Art Collection and Management EO 0276 and associated campus Policy on the Collection and Installation of Art.

Gifts of Fine Art

Prior to acceptance, gifts of art must be reviewed by the Art Acquisition Committee (AAC) as defined in the campus Policy on the Collection and Installation of Art. Further, the AAC assists with the formulation and implementation of policies and procedures for the appropriate management of these gifts. Finally, AAC members may not have a connection or relationship to any prospective donor, nor be affiliated with any prospective art donation, whether personal, professional, financial or familial, in order to maintain objectivity, make unbiased decisions, avoid any conflict of interest, and maintain transparency in the decision-making process, or otherwise recuse him/herself from the committee to be temporarily substituted by an appropriate designee.

Gifts of Public Art

The University Art Review Committee (UARC) shall make recommendations to the President on all matters related to the acquisition of Public Art, the lending of said artwork, and the deaccession of existing artworks in the university's possession. The UARC shall be responsible for determining the placement, maintenance, removal, and relocation of artworks in the university's possession. In addition, the UARC shall be responsible for drafting, finalizing, and updating or informing the contractual documents (gift agreements, purchase award payments, lending agreements, etc.) that govern these actions.

Conditions for Acceptance of Artwork Gifted to the University

All prospective acquisitions of artwork by the university shall be reviewed by the AAC (for Works of Fine Art) or UARC (for Public Art). The criteria for review of art shall include, but not be limited to the following:

1. Artistic Excellence: The artwork should be of sufficiently high artistic merit, relative to its author and type, to warrant inclusion in the university art collection. This would usually require that the artwork be a unique piece created by artist(s) of established reputation or recognized potential. The artwork must support the educational mission of the university and/or be of special interest to the university community.
2. Scope of Collection: In order to build and maintain a viable and distinguished body of artworks, Cal Poly Pomona will give priority to prints, and clay/ceramicware (due to the historical content of collections and endowments), multi-media techniques (for a wellrounded collection), artworks that represent environmental issues (recycling, repurposing, restorative works), tech-based artworks, poly-technic and multi-disciplinary techniques or content, artworks that represent diversity, inclusion and equity, and be reflected within the artists in its collection.
3. Durability and Non-hazardous Nature of the Materials: The artwork must comply with applicable codes and regulations and be capable of being fittingly accommodated within the available physical spaces of the university.
4. Maintenance Requirements: The university is able to give the artwork proper care and handling, conservation, and maintenance while on exhibition and/or in storage.

In addition to the criteria for review listed above, acceptance of artworks gifted to the university is predicated on the following conditions being met:

1. Acquisitions should be of aesthetic merit and quality and should not unnecessarily duplicate a work already in the collection. A deed of gift or bill of sale must be exchanged between title holders and campus.

2. Ownership should have clear, uncontested, and demonstrable title to the work. All potential acquisitions will be evaluated in terms of documentation as to origin, previous ownership, history, and possible legal and ethical standards.

   In fulfilling public trust obligations, the review committee will examine the history of ownership to avoid acquisition of works that may have been illicitly exported, stolen, looted, pillaged, confiscated, or otherwise acquired through coercion or clandestine excavation.

   Further, the rights of lineal descendants of indigenous tribes will be honored related to human remains, funerary objects, sacred objects, and objects of cultural patrimony acquired from federal or tribal lands. Campuses will comply with the Native American Graves Protection and Repatriation Act and California Native American Graves Protection and Repatriation Act through separate campus policy and procedure.

3. Copyrights to images of object should, whenever possible, transfer with ownership of the work of art. Alternatively, rights to reproduce images for educational or commercial purposes should be established with the copyright holder at the time of acquisition using a licensing agreement or via an addendum to the gift agreement. If this is not possible to gain licensing permissions at the time of acquisition, the artwork may be acquired, but with restricted right to reproduce clearly noted and documented within the object's data records, as is the proper industry standard of practice.

   In general, the university reserves the right to photograph or digitally reproduce the objects for educational, catalog and publicity purposes. It is also understood that objects on exhibit may be photographed by the general public. This must be disclosed to the donor prior to acceptance.

4. Donated works of art must document the donor's intent regarding use in a campus collection or permission to sell for the benefit of the university's educational purposes. Campuses shall not accept gifts that are unreasonably encumbered with conditions set by the donor regarding ownership, use, display, photographic/digital reproduction, or future disposition.

   A funding source for costs associated with installation, de-installation, and preservation should be identified in the acquisition review. The American Association for State and Local History as well as American Alliance of Museums direct that objects acquired by a collecting unit should not be capitalized. Insurance values and/or appraisals may be necessary for risk management purposes or to meet donor needs and a clear cataloguing and tracking authority should be established by each campus. Professional appraisals are not required to consider and accept a work by gift in cases where a donor seeks no tax benefits from their gift, or if total valuations of non-cash donations in any given year are $5,000.00 or less (as per Rules for Tax Deductible Gifts/Noncash Charitable Contributions, IRS Form 8283), but valuations are nevertheless highly recommended.

   Provision of a copy of any recent or historical appraisals from the prospective donor is requested at time of donation application for AAC/UARC Review.

Gifts of Computer Hardware and Software

Proposed major (e.g. to equip a laboratory, outfit a study room, a major new server or dedicated system, etc.) computer-related gifts for use by university programs must meet campus baseline standards as specified in the campus technology planning guide and be approved in advance by the University's Chief Information Officer and the CEO of the Foundation. The CEO of the Foundation must approve major gifts (over $50,000) of computer hardware and software for use by the Foundation or University prior to solicitation. Consistent with systemwide directives, any gift of software intended for university program use must be valued (for recording purposes) according to systemwide software valuation guidelines and have such valuation approved by the CEO of the Foundation.

Used Equipment

Any equipment donated for the use of food preparation must be assessed by the area receiving the equipment to determine the equipment is NSF Certified/Approved. California Code as it pertains to health and safety, validation from a food safety perspective would depend on how "cleanable" the material is. Stainless steel for example is certainly suitable but evidence of damage, rust and similar issues could hinder the cleaning process and as a result, increase the risk for foodborne illness.

If equipment is NSF Certified/Approved and in good condition, approval/validation should be attainable. Facilities Management will also need to consider issues regarding infrastructure and costs if the equipment requires:

- Natural Gas (adequate supply)
- Electrical (adequate amperage)
- Water (adequate supply and drainage)
- Ventilation
- Fire Suppression

Criteria for the Acceptance of Hazardous Materials

Proposed gifts of hazardous materials may not be accepted without the prior approval from the CEO of the Foundation and the Director of Environmental Health and Safety Department. Only donations that meet the criteria below will be approved:

- Containers are sealed, unopened, undamaged, and properly labeled original containers (manufacturer's label is usually the best certification that the contents are accurately identified.)
- Material Safety Data Sheets for all hazardous material are provided prior to receipt.

  Storage location where the materials will be safely and securely stored is identified.
- The material will be used within one year unless legal requirements specify a shorter time period.
- Department manager approves of the donation.
- Requests for approval of hazardous material donations shall be submitted to the CEO of the Foundation and the Director of Environmental Health and Safety.
- The Account Signer or Project Manager will be responsible for any material that is not used and must be disposed of as hazardous waste. The Account Signer or Project Manager should plan for this contingency prior to acceptance.

Gifts-In-Kind of Services

These include, but are not limited to, such activities as printing of materials, appraisals, and design work. These services provide valuable support to the University, However, the contribution of services, no matter how valuable to the University, is not tax deductible according to the IRS. Therefore, no hard or soft credit is recorded for such gifts. See IRS Publication 526 for additional information.

Auctions and Raffles

All campus event auctions and raffles must be approved by University Advancement prior to event date. The fundraising event memo and associated documentation requires approval by University Advancement.

Items donated for sale at an auction are not considered for a related use (to the University's educational purpose) according to the IRS. Therefore, the tax receipt that will be issued will list the item donated, but no value. Auction donors must be made aware of this fact. Additionally, tax receipts will only be issued for items that were sold at the auction. Unsold items are not considered gifts to the University due to the lack of related use to the University's educational purposes.

A tax receipt can only be issued to a purchaser of an auction item if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item.
The fair market value must be clearly indicated in the information posted about the item at the auction and that information should accompany the Foundation's "Auction worksheet".

Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or tax receipt will be issued. See the State of California Department of Justice website regarding taxation issues related to raffle winnings.

Please see the Auction Guidelines for information on handling of hotel stays, gifts of service, etc.
Individual Retirement Account (IRA) Gifts the Foundation will accept all forms of IRA gifts.

Required Minimum Distribution (RMD) or Standard IRA withdrawals are the minimum amount an individual must withdraw from their account each year (typically beginning at age 70½). When the withdrawal occurs, the individual must pay taxes on the income. As such, they can donate those funds to charity and claim a tax deduction.

IRA Rollover or Qualified Charitable Distribution (QCD) count towards an individual's required minimum IRA distribution and are tax free withdrawals that can only be directed to charity. CASE and Council for Aid to Education (CAE) does recognize these payments as gifts and they are countable in fundraising totals; however, no tax receipt is issued directly to the donor. An IRA Rollover cannot be done from a 403B or 401K account.

Donor Advised Funds and Community Foundations

Donor Advised Funds (DAF) have become an increasingly common planned giving vehicle among philanthropists.

Donor advised funds (DAF) and community foundations (CF) are recognized as stand-alone 501(c)(3) tax-exempt charitable organizations. A donor may recommend that a donor advised fund, or a community foundation make a grant to the Foundation from funds the donor has given to DAF or CF. IRS Notice 2017-73 addresses the regulations allowing the treatment of DAF gifts as pledge payment providing the following:

- The DAF sponsoring organization makes no reference to the existence of any charitable pledge when making the distribution from the donor's DAF (references to the name of the person who advised on the distribution are permitted)

- No Donor/Advisor receives, directly or indirectly, any other benefit that is more than incidental on account of the DAF distribution (i.e. event or membership payments)

Bequests Policy
A bequest is defined as a testamentary distribution from the estate of a Donor, which may be made from a will, living trust or other testamentary arrangement.

The Foundation may accept a bequest, provided that the personal representative or Trustee of the Donor has full authority to act, and the proposed gift and acceptance procedure otherwise conforms to the requirements governing the specific assets to be distributed to the Foundation.

Bequest Intentions
The Foundation may accept revocable bequest designations to demonstrate support for its programs. While these bequests do not alter the Foundation's balance sheet, the Planned Giving Office shall monitor and steward these unrealized bequests.
Bequest intentions must have the following documentation to be recorded: Verification that the Donor's age is at least 65 by the end of the counting year, and a signed gift agreement with an estimated amount, and a copy of the portion of a will/trust with charitable bequest that lists a specific value amount <u>and</u> signature page or, a copy of a Donorgenerated letter expressing intentions and an estimation of the value of the bequest.
Financial Reporting
The Foundation shall comply with the requirements of the University and the Trustees in connection with its reporting of all bequests and bequest intentions.

Estate Litigation
It is in the interests of the Foundation to honor the written wishes of its Donors. While the Foundation does not wish to engage in protracted litigation over the implementation or interpretation of a bequest, it may be necessary and appropriate to do so. Factors that the Foundation Board will consider include the following:

- the size of the estate and the share allocated to the Foundation;
- the anticipated costs, duration, and risks of litigation;
- the impact on the reputation and goodwill of the Foundation;
- the position of other beneficiaries in the estate, especially other charitable organizations;
- the prior relationship and history of the Donor with the Foundation or University; and the advice of Counsel and the Gift Acceptance Committee.

Administration & Distribution of Estates
Upon notification that the Foundation has been identified as a beneficiary of an estate or beneficiary of a living trust, in which the Foundation's interest has vested, the Planned Giving Office shall be designated as the "Program Administrator". The Program Administrator shall be responsible for monitoring and reporting on the administration of the gift to the Foundation CEO.

Real Estate Policy
Forms of real estate which will be considered for a gift to the Foundation include, but are not limited to, improved or unimproved real property, including undeveloped land, buildings, farms, personal residences

and vacation homes, leasehold improvements, fixtures, and gifts subject to a retained life estate, subject to full disclosure and proper due diligence as described in the Foundation procedures.

Gifts of real estate often require a financial commitment by the Foundation. All proposed gifts of real estate will be evaluated by the Gift Acceptance Committee for their potential for immediate or future sale or retention. Such gifts will be accepted if proceeds can be realized in a timely manner relative to the expenses and efforts required to hold, maintain, and manage the property until disposition.

Donor is required to provide all forms necessary to support the decision of the Foundation and the Gift Acceptance Committee to accept or decline the property.

Life Income Gifts Charitable Gift Annuities
The Foundation shall participate in the California State University's Foundation's System-wide Charitable Gift Annuity Program
A charitable gift annuity (CGA) is a contractual arrangement between a donor and the CSU Foundation, which manages the CSU Systemwide charitable gift annuity program.
The University's Planned Giving Officer works directly with the CSU Foundation to coordinate all CGAs donated to the University. The CSU Foundation accepts an irrevocable transfer of cash, cash equivalents, or publicly traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by the CSU Foundation and distributed to the Foundation. A portion of the annual payment is tax-free income to the donor, being considered return of principal. Since the gift annuity is part gift, in addition to the purchase of the annuity, the donor is allowed an income tax deduction. Donors will be advised to seek legal and financial counsel regarding tax deductibility and similar matters.

The annuity is secured by all the CSU Foundation's assets, and the rate of return used by the CSU Foundation and stated in the annuity contract is determined from tables provided by the American Council on Gift Annuities. The CSU Foundation may enter into CGA contracts with minimum funding of $5,000 and no more than one million dollars ($1,000,000) or 10% of the CGA current trust market value, whichever is less. The minimum age for life income beneficiaries is 55.

Contracts involving a deferred gift annuity require approval of the Gift Acceptance Committee. No more than two life income beneficiaries will be permitted for any gift annuity. The CSU Foundation will not accept real estate, personal property or any other illiquid asset in exchange for any charitable gift annuity.

The tables published by the American Council on Gift Annuities will be used for contractual rates unless an exception is granted by the CSU Foundation President. Upon the death of the donor and/or other named beneficiary, the funds representing the remaining principal contributed in exchange for the gift annuity will revert to an account with the Foundation for the purpose specified by the donor; or, if no such purpose is specified, the Foundation shall use the funds for the unrestricted use of the University. Gift annuity contracts are governed by the laws of the state in which the donor resides. Certain of these states have stringent registration requirements. For gift annuities to be established in states other than California, the specific annuity regulations and requirements for that state will first be reviewed by the Director of Planned Giving. The Foundation reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.

Charitable Trusts Policy

The Gift Acceptance Committee shall have the authority to accept gifts of remainder interest in Charitable Remainder Trusts (CRT), whether Unitrust or Annuity Trust where the Foundation serves as a Trustee or Co-Trustee with a commercial Trustee. Distributions from trusts managed by outside parties shall be accepted as per the asset class being donated.

Types of Trusts

Standard Unitrusts: pay a fixed percentage of the annual fair market value from income and, if necessary, from principal. They are appropriate where the income beneficiary would benefit from a Trust that invests for total return (considering income and capital appreciation). These Trusts generally outperform the investment return of income- only type Trusts.

Such Trusts appreciate more rapidly and provide a better long-term payout to income beneficiaries, and they also work better for the economic interests of the charitable remainderman because they tend to offset the erosion attributable to inflation.

Net Income Unitrusts: (Net Income Unitrust is paid only from dividend and interest earnings): pay a fixed percentage of the annual fair market value, only from the net income of the Trust. They are appropriate in those cases where the contributed asset will not produce income sufficient to satisfy the unitrust amount.

Net Income with Makeup Unitrusts: Similar to above, except that the income beneficiary is entitled to any excess income earned in future years, if the Trust was unable to pay the anticipated distribution obligation because of low yields in earlier years. The makeup provision is available only for future years and cannot be used to go back to prior years when there was excess income and make up shortfalls in the current or future years. This arrangement is appropriate where the contributed asset will not produce income sufficient to satisfy the unitrust amount.

Flip Trusts: Net Income or Net Income with Makeup Unitrusts that automatically convert to a Standard Pay Unitrust upon sale of a contributed illiquid asset. This type of Trust is appropriate when the expected unitrust payout of a standard unitrust would be better for the income beneficiary over the term of the Trust than from an income only (Net Income) arrangement.

Annuity Trust: Designed to pay a fixed dollar amount (or a fixed percentage of the initial Trust value) to the income beneficiary. This arrangement is appropriate to older income beneficiaries (typically 75 years or more) who are more concerned with certainty of cash flow than the effects of inflation on the cash flow.

Charitable Remainder Trusts: The University encourages its donors to name the Foundation as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements.

The annual payout rate will be a minimum of 5 % per IRS regulations. Appropriate rates will vary based on age, term of trust, initial funding level, etc. A Charitable remainder trust can be funded through cash, stock, real estate, appreciated assets. Charitable remainder trusts for which The Foundation is a trustee are administered by the investment committee under a separate trust agreement. The investment of trust funds is fully consistent with the objective of each trust.

While life potential gifts offer benefits to both the donor and the Foundation, they also can present risks. Costs associated with the formation of a CRT, such as legal fees to draft the trust agreement, appraisal fees, etc., are the responsibility of the donor.

Charitable Lead Trusts

A charitable lead trust (CLT) is the opposite of a charitable remainder trust. In a lead trust, payments are first made to a charity, such as the Foundation. At the end of the trust term, the remainder reverts to one or more individuals (typically heirs).

Distributions from a lead trust are processed like cash distributions from other private foundations. However, if the trust provides an irrevocable, dedicated income stream to the Foundation, then a greater amount can be recorded as described in the Foundation gift counting guidelines.
The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation may accept an appointment as Trustee of a charitable lead trust.

Only the income received from the trust in the recording year is considered a gift.

Retirement Plan Beneficiary Designations

Donors and supporters of the University are encouraged to name the Foundation as beneficiary of their retirement plans. The donor may wish to also designate another individual as the primary beneficiary, in which the Foundation will be designated as the secondary or contingent beneficiary.
The easiest way for a donor to donate retirement plan assets is to designate the Foundation as a primary beneficiary. Donors can contact the administrator of their plan to receive the correct forms to sign. For 401(k) or 403(b) plans, if a donor is married, the spouse must waive his or her right to survivor benefits from the plan.

Donors can specify an amount or percentage of the retirement plan assets to be gifted to the Foundation. Donors can also designate the Foundation as the secondary beneficiary.

Retirement plan beneficiary designations and bequests are not recorded as gifts to the Foundation until the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of the gift is recorded at the time the gift becomes irrevocable.

Retained Life Estate Policy

While not a life-income type of gift, the irrevocable donation of real estate while retaining the right to use the property has become a more common charitable gift arrangement. A donor can give a personal residence, farm, or second home or vacation home to the Foundation and reserve the use of the property for life (or a term, of years), and/or the lifetime of another resident beneficiary.

The immediate benefit of a gift of real estate with retained life estate is often a substantial tax deduction for the charitable gift. This deduction is equal to the remainder interest in the property, (the appraised fair market value of the real estate less the calculated value of the retained life use).

As with other gifts of real property, it is the donor's responsibility to obtain an independent appraisal of the value of the property. The income tax deduction can mean significant tax savings in the year of the gift and may be carried forward for up to five additional years, to a limit of 30 percent of the donor's adjusted gross income each year.

Advice to Donors Policy

The Foundation may offer education to a prospective Donor with respect to the establishment of a planned gift. In addition, the Donor will be advised to seek competent independent counsel for specific tax and legal advice. The Director of Planned Giving will, if requested, provide the names of no less than

three (3) professional advisors qualified in the area of charitable giving. It will be deemed a possible conflict of interest for any member of the Board of Directors or University staff to provide such services on behalf of a prospective Donor, whether compensated or not. However, a director or staff may provide such service if the Donor has been fully advised of the potential conflict and has waived such conflict, in writing. In such circumstances, staff shall not ever be compensated outside of the normal scope of their university duties.
The Donor should be advised to seek independent counsel before signing such waiver. The Director of Planned Giving will assist Donor's advisors in the design and preparation of such instruments if they seek such help.

Directors and professional staff of the University may act in an advisory capacity on behalf of The Foundation to Donor's counsel but shall never be designated as the Donor's legal advisor. All life income gifts that name the Foundation or the University as a party to the CGA Agreement of Initial Trustee of a CRT, must be signed by the donor, the Chief Executive Officer of the Foundation (or designee), and the University President (or designee). If the Foundation or the University is named as a successor trustee of a CRT, the donor must sign. It is recommended that the Foundation Chief Executive Officer or the University President also signs to acknowledge the gift.

Designation of the Foundation as Trustee
The Foundation may accept appointment as a Trustee and may outsource all duties to a commercial Trustee at the Foundation's discretion. The Foundation will encourage Donors to seek a corporate trustee to serve as trustee of CRTs where the Foundation does not serve as trustee.

Life Estate Agreements
Acceptance of such gifts must be in accordance with the guidelines for acceptance of outright gifts of real property as set forth below. Such gifts shall be accepted only if adequate provision is made by the Donor for any expenses in connection with ownership, including payment of mortgages, taxes, insurance and utilities, unless a source of funds to cover such expenses has been identified by the component institution for whose benefit the gift is being made. At the present time, tax law permits such an arrangement for the Donor's personal residence or farm. If state law requires participation of the remainderman in any capital improvements on property subject to a life estate agreement, no expenditures for capital improvements will be made without approval of the Foundation Board of Directors.

Bargain Sales Policy
The Foundation shall accept bargain sale gifts upon the approval of the Gift Acceptance Committee and the Finance and Investment committee.

A bargain sale is a part gift/part sale of appreciated property to the Foundation. The asset acquired by the Foundation may be any type of property that the University may legally hold. The Foundation's motivation for the purchase would be the inherent equity in the property, in excess of the purchase price.

Appraisal Policy (bargain sales)
In order to determine the true fair market value of the asset, it must be adequately appraised, in accordance with the standards and procedures set forth herein. Unless an exception is warranted, it will be the Donor's responsibility to pay for the appraisal, the cost of which may be reimbursed by the Foundation upon consummation of the gift.
Gift Acceptance Policy for Bargain Sale:

- The Donor obtains and secures a proper appraisal.
- Chief Operating Officer completes the Acceptance of Gift Form and submits it to the Finance and Investment Committee for approval.
- The Committees will consider approving the bargain sale, if the specific rules applicable to the type of asset to be purchased are met.

Gifts of Mortgaged Property

Gifts of Mortgaged Property are not typically accepted. The amount of the indebtedness is treated as a relief of liability and cash proceeds to the Donor. The Donor should be properly advised of the general tax consequences and told to consult with his or her tax advisor. The above is true even though neither the University nor the Foundation agrees to assume or pay the indebtedness. If the Donor agrees to hold the University and the Foundation harmless and to pay off the indebtedness as it falls due, the Donor may be able to escape the bargain sale rule.

Acknowledgements

All life income gift agreements that name the Foundation, University or University Associated Entity as a party to the CGA Agreement or Initial Trustee of a CRT, must be signed by the donor, the University president or designated officer of the University Associated Entity and the Foundation CFO. If the University or University Associated Entity is named as a Successor Trustee of a CRT, the donor must sign; it is recommended that the president or designated officer of the University Associated Entity and the entity's CFO also signs to acknowledge the gift.

Life Insurance Policy

The Foundation shall accept life insurance gifts upon the approval of the Gift Acceptance Committee. The Gift Acceptance Committee will evaluate the policy and discuss its suitability as a gift. The Foundation will not participate in split-dollar or reverse split-dollar plans, or other forms of partial interest, until such time as the IRS clarifies its position via IRS regulations, IRC codes, or Private Letter Rulings. There are numerous ways in which a donor can use an insurance policy to make a gift. Term policies will not be accepted without approval from the Gift Acceptance Committee.

Donor Retains Ownership of the Policy, University is named Beneficiary

If the donor retains ownership of the policy, a commitment to name the University or the Foundation can be recorded by following the procedures for a Revocable Gift. Future payment of premiums directly to the insurance provider does not qualify as a gift to the University.

Gift of Policy to University, University becomes Owner and Beneficiary

A donor may wish to transfer ownership of a policy to take advantage of available income tax benefits. The gift may qualify for a current income tax charitable deduction, based on the cash reserve on the date of the gift, as documented by Form 712, which is prepared by the policy's issuer. The gift will be recorded as a hard credit for the cash reserve and a soft credit for the face value of the policy. To qualify for future income tax charitable deductions, the donor should direct payment of future premiums as a current cash gift to the Foundation. Payment of each future premium will be recorded as a current cash gift. The Foundation will pay premiums to the insurer directly.

Purchase of New Policy in the name of the Foundation, Foundation becomes Owner and Beneficiary

Other donors may wish to establish a new policy. The policy should be purchased in the name of the Foundation, payment of the initial required premium should be a current cash gift to the Foundation, and the Foundation will provide payment to the insurer to purchase the policy. The gift will be recorded as a hard credit for the cash payment for the initial premium and a soft credit for the face value of the policy. Payment of each future premium will be recorded as a current cash gift. A gift or pledge agreement must be in place for the donor to make the premium payments to the Foundation in order for the Foundation to pay premiums to the insurer.

The Foundation will then work with the donor, the appropriate officers at the Foundation, and the insurance company to complete the transfer.

If premiums remain to be paid, the donor will make gifts at least equal to the amount of such future premiums. Such gifts will typically be either cash or publicly traded securities and will be processed in the same manner as described above for such assets.

Policy Guidelines Governing Authorization for Negotiations

Authorization to negotiate current and deferred giving agreements with prospective Donors, following the guidelines and format of any agreements approved by the Board of Directors, without further approval of the Board is given to:

- Foundation CEO/Vice President, University Advancement, or designee
- Foundation COO/Associate Vice President for Development, or designee

The following shall have the authority to sign giving agreements on behalf of the University:

- University President, California State Polytechnic University, Pomona
- Vice President, University Advancement
- Associate Vice President for Development

The following shall have the authority to sign giving agreements on behalf of the Foundation:

- Foundation CEO
- Foundation COO
- Foundation Treasurer

However, any party to the gift negotiation shall not sign on behalf of the institution. In such cases, another authorized representative shall sign on behalf of the University and/or Foundation.

Governing Use of Legal Counsel

The Foundation will urge all prospective Donors to seek the advice of their own attorney or tax advisor in reviewing the state and Federal income tax and the estate and gift tax consequences of their gift, the terms of any trust or other agreement, and the advisability of the gift in light of the Donor’s overall estate plan and financial circumstances.

If requested, the Foundation’s counsel or the Director of Planned Giving may be called upon to draft a trust, annuity or other gift document, subject to approval by the Donor’s own counsel.

The Foundation’s counsel or Director of Planned Giving may also be called upon to review and comment upon documents drafted by the Donor’s attorney. Staff members of the Foundation and University shall not give legal, financial or investment advice to prospective Donors.

The Foundation may employ its own legal counsel to assist the Donor and his or her advisors in drafting provisions which relate to all types of gifts to the Foundation or the University. In all cases, review by the Donor's own counsel of the work performed by the Foundation's counsel will be advised.

All staff members of the University and the Foundation shall conduct all activities undertaken on behalf of the University and the Foundation in accordance with accepted professional standards of accuracy, truth, integrity, and good faith.

Governing of Designated Proceeds

All designated proceeds will be used per the requested designation, subject to the Foundation's fee policy. All undesignated bequests and matured deferred gifts will be utilized in accordance with the mission of the University. All gifts received without Donor designation for a specific college, purpose or program shall be designated at the University President's discretion. Such designation shall be in writing in the form of a memo to the Foundation.

Appendix A Gift Valuation

According to IRS requirements, the value of stock and bonds contributed as a charitable gift is calculated using the average between the high and low trading values on the gift date. For gifts of mutual fund shares, the value is based on the closing net asset value. Additional information on the valuation of securities may be found in IRS Publication 561. Neither losses nor gains realized by the sale of the securities after their receipt affect the gift value credited to the donor. Any brokerage fees incurred and changes in value resulting from liquidation are considered gains, losses or operating expenses or earnings of programs benefiting by the gift.

Gift Date

The gift date is established as the date on which the donor gave up control of the asset. For stock certificates transferred via the mail, the gift date is the latter postmark date of the stock certificates and the stock power, which should be mailed in separate envelopes. For certificates hand-delivered to the organization, this is the date the stock certificates and stock power are delivered to the organization or an official of the organization. For stocks transferred electronically, the gift date is the date the stocks are received into a brokerage account belonging to the Foundation.