

GIFT ACCEPTANCE POLICY

Policy Approved by	Board of Directors – Governance Committee
Effective Date	2/21/2022
Revisions Made	Legally-approved format, clearer decision making
Next Review Date	2/21/2024

PURPOSE

The UND Alumni Association and Foundation (the “Organization”) is organized as a North Dakota nonprofit corporation, is exempted from federal income tax liability by Internal Revenue Code Section 501(c)(3) and qualifies as a public charity. The Organization exists to secure and manage private gifts for the benefit of the University of North Dakota (the “University”). This document has been developed and approved by the Organization’s Governance Committee of the Board of Directors to outline procedures for analyzing and accepting charitable gifts to the Organization for the University’s benefit. The purpose of the Gift Acceptance Policy is to provide a set of standards by which gifts are reviewed and accepted.

APPROACH TO GIFT DEVELOPMENT

The aim of all staff and volunteers who work with donors to develop gifts is to assist these donors in achieving their philanthropic goals, but never to influence unduly a decision about a gift. No staff member or volunteer shall knowingly execute an agreement, contract, or other legal document with any donor or in connection with any gift that would jeopardize the Organization’s interests or be inconsistent with the Organization’s policies, including, but not limited to, these Gift Acceptance Policies and Procedures.

DONOR PRIVACY

To the fullest extent by law including, without limitations, North Dakota Century Code § 44-04-18.15, information about donors and prospective donors including names, addresses, telephone numbers, electronic mail addresses, estate planning information tax record or financial information, or other personal information or correspondence received or retained by the Organization (collectively, “Donor Information”) will be confidential and used or disclosed only to the minimum degree necessary to carry out the work of the Organization, unless the donor grants permission to release such information for other purposes or the Organization is legally required to disclose such information. For the purposes of this Part, “financial information” includes data that provides details regarding a gift, a payment schedule of a gift, the form of a gift, or the specific amount of a gift made by a donor.

DECISION-MAKING

A. Decision Making Levels

1. Governance Committee

The acceptance and review of all gifts to the Organization shall be under the general direction and oversight of the Governance Committee (the “Committee”). The Designated Officers (as defined in Decision-Making Section A.4 below) are the officers charged with the active administration of these Gift Acceptance Policies and Procedures.

Notwithstanding the foregoing, the Organization shall not accept a proposed gift which exhibits one or more of the following characteristics without approval of the Committee:

- a. The gift includes a restriction which requires the Organization or University to conduct a major program, capital project or other activity which either would not otherwise undertake or refrain from activities which it would otherwise pursue.
- b. The gift requires the Organization or University to enter a legally binding obligation which involves an unusually large financial commitment by the Organization or University.

2. CEO

The CEO may, in their discretion, recommend gifts to the Committee for its consideration and approval or rejection. Unless referred to the Committee for decision, the CEO shall review and make all decisions regarding acceptance of the following kinds of gifts:

- a. Publicly traded securities subject to Securities and Exchange Commission (“SEC”) restrictions or their sale or transfer.
- b. Complex real estate transactions.
- c. Gifts of closely held business interests.
- d. Gifts of tangible personal property (*e.g.*, artwork, computers, and other equipment) that will require the Organization to incur substantial costs in depositing of or using the gift property.
- e. Gifts that may generate unrelated business taxable income for the Organization.
- f. Charitable gift annuities (“CGAs”) funded with real estate or other nonliquid assets.
- g. Gifts of cryptocurrency.
- h. Gifts that involve contracts (other than CGAs) or other documents under which the Organization assumes a legally binding obligation.
- i. Gifts which involve naming commitments other than the Organization’s agreement to hold a fund named for a donor or another person.
- j. Transactions with the potential to result in IRS sanctions.
- k. Gifts that present any special risk of liability for the Organization.
- l. Any gift referred by an officer of the Organization for a final decision by the CEO.

3. Task Force

The CEO may, in their discretion, form an Task Force made up of staff members of the Organization, the University who hold major administrative positions, or board or community members to assist them with their consideration of the kinds of gifts listed in the Decision-Making Section A.2 above (the “Task Force”). The Task Force shall not have delegated authority of the Governance Board or any committee thereof, nor shall its recommendations bind the CEO. The CEO shall determine the precise makeup of the Task Force.

4. Approval by a Designated Officer

The CEO and the VP of Finance (each a “Designated Officer”) may each review and make decisions consistent with these Gift Acceptance Policies and Procedures regarding acceptance of the types of gifts listed in this section A.4. The Designated Officers shall consult with each other and legal counsel as appropriate.

- a. Cash
- b. Publicly traded securities which are not subject to restrictions on their sale or transfer.
- c. Non-complex real estate transactions.
- d. Gifts of tangible personal property (*e.g.*, artwork, computers, and other equipment) the acceptance of which will not require the Organization to make more than ordinary expenditures.
- e. Gifts which involve naming commitments other than the Organization’s agreement to hold a fund named for a donor or another person.
- f. Gifts that involve charitable trusts where the Organization will be named as trustee, co-trustee, or successor trustee.
- g. Other types of gifts not listed in Section A.2 above.

B. Consultation with the University

The Organization shall consult with the University prior to accepting a gift if required by other provisions of these Gift Acceptance Policies and Procedures or the gift would require the University to incur an expense, use or retain the gift in a certain manner, or undertake activities which it would not otherwise undertake or refrain from activities which it would otherwise pursue.

C. Consultation with the Organization’s Legal Counsel

In the process of reviewing or accepting a gift, the Committee, the CEO, or a Designated Officer shall strongly consider consulting with legal counsel as appropriate.

TYPES OF GIFTS

A. Cash and Cash Equivalent

Checks shall be made payable to UND Foundation and shall be delivered to:

UND Foundation
3501 University Ave, Stop 8157
Grand Forks, ND 58202

Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT) or by wire transfer.

Cash gifts are reported the date the cash is received at the Organization. If gifts are transferred by EFT or wire, the date of the gift is the date that the money is transferred into the Organization's bank account.

B. Credit Cards

Credit card donations shall be made by the donor designating and authorizing the gift to the Organization to be charged on the donor's credit card whether online, by telephone, or in person. The donor's signature, card number expiration date, and security code shall be provided to the Organization as necessary, and the amount shall be designated by the donor. When gifts are received by credit card, the date of the gift is the date the credit card charges are processed.

C. Publicly Traded Securities

1. Acceptability

Gifts of unrestricted publicly traded securities are acceptable. The Designated Officer shall review and decide whether to accept proposed gifts of publicly traded securities that are subject to SEC restrictions.

2. Methods of Transfer

Donors may transfer publicly traded securities to a brokerage account of the Organization or may deliver stock certificates by mail or in person. If a donor delivers a stock certificate by mail, the unsigned certificate and a signed stock power should be mailed in separate envelopes by registered mail. A hand delivery should consist of an unsigned certificate and a signed stock power. The gift date is the date the shares are received in the Organization's account.

3. Disposition by the Organization

The Organization's normal preference is to liquidate donated publicly traded securities as soon as feasible.

4. Gift Information

The date of a gift of securities is the date the securities are received by the Organization's account. The value of the gift is the average of the high and low value of stock the day it has been received into the Organization's account.

D. Real Estate

1. Acceptability

The Organization will consider proposed gifts of real estate in the following forms: developed real estate, undeveloped real estate, farmland, undivided fractional interests in real estate, and gifts of personal residences and farms subject to a retained life estate. It is

the Organization's policy to dispose of all gifts of real estate as expeditiously as possible. This policy will be communicated to donors when the Organization receives notification of the donor's intent to gift real estate. If it is the intention of the donor that the Organization not immediately dispose of real estate, an agreement must be made in writing between the Organization and the donor before such property may be accepted by the Organization.

Gifts of real estate qualifying for a charitable deduction to the donor shall be valued using the fair market value of the property as determined by a qualified appraisal if the value is greater than \$5,000. Appraisals are generally provided and paid for by the donor. If the organization should sell or otherwise dispose of the donated property within three years of the date of the gift, the Organization must file an information return on IRS Form 8282 and send a copy to the donor.

The Organization will not accept timeshares.

2. Review Procedure

As provided in the section Decision Making above, the Designated Officer shall – in consultation with the University if intent is for the University to use the property – review and determine whether to accept proposed gifts of interests in real estate. Before reviewing a proposed real estate gift, the Organization shall obtain the following:

- a. The terms of any mortgage or other encumbrances on the property.
- b. The property's current carrying costs (*e.g.*, maintenance, insurance, property taxes, utilities, condominium or coop association fees and similar costs).
- c. The results of a site inspection of the property by an Organization employee or an authorized agent.
- d. As appropriate, a satisfactory Phase I environmental audit (or other environmental review appropriate to the type of property in question) from a professional environmental consultant. The Designated Officer may determine that a Phase I is not necessary for non-farm residential property or, on a case-by-case basis, for real estate with a retained life interest.
- e. Confirmation that the donor has satisfied all encumbrances on the property, including any tax liens.
- f. Copies of all contracts and leases under which the property currently generates income (*e.g.*, any residential or commercial leases, any cash farm leases, crop leases, Conservation Reserve Program (CRP) contracts or similar arrangements).

3. Factors To Be Considered

In deciding whether to accept a gift of real estate, the Organization shall consider the following factors:

- a. Will the Organization use the property, hold it for investment, or sell it?
- b. If the Organization is considering whether to hold the property for investment, what factors support a decision to hold as opposed to a decision to sell and re-invest the net sale proceeds in another type of asset?

- c. How marketable is the property? Has the property recently been sold? Are there potential buyers?
- d. Are there any restrictions, reservations, easements, or other limitations with respect to the use of the property? Will the Organization receive less than the entire interest in the property?
- e. Is the property subject to debt?
- f. How much will the carrying costs be and how will the carrying costs for the property to be paid?
- g. Is the property subject to a lease or similar arrangement that will generate unrelated business taxable income (UBTI) for the Organization?
- h. Does the property present any special risk of liability for the Organization?

4. Leases and Sales to Members of Donor's Family

- a. If the property is currently leased to a member of the donor's family, the Organization may not accept the gift unless it has determined by reference to appropriate independent data that the lease is at fair rental value.
- b. If it is possible that the Organization will lease or sell the gift property to a member of the donor's family in the future, then prior to acceptance of the gift, the Organization will inform the donor that:
 - i. The Organization cannot promise or legally bind itself to lease or sell the property to a member of the donor's family, and the Organization must have complete discretion to make any decision about such a lease or sale based on the facts and circumstances at the time such a transaction is proposed.
 - ii. Any lease or sale to a member of the donor's family must be at fair rental value or fair market value, as the case may be, as determined by reference to appropriate independent data such as an appraisal.

5. Transfer Procedures

- a. After consultation with legal counsel as appropriate, the Organization shall determine:
 - i. Whether to require a title search and title policy with respect to a proposed gift of real estate.
 - ii. What form of deed the donor shall use to make the gift? Generally, the Organization will only accept a warranty deed. Quit Claim deeds shall not be accepted to convey title.
- b. General Liability Insurance: Before accepting title to the gift property, the Organization shall obtain appropriate insurance coverage for the property, either by adding property to its general liability policy or by other means.
- c. Delivery and Recording of Deed
 - i. The donor shall transfer the real estate interest in question to the Organization by delivering a deed to the Organization's authorized agent, which may be the donor's attorneys or other agent provided that the

Organization has authorized the attorney or agent in writing to accept delivery of the deed on behalf of the Organization. The donor shall pay the costs associated with the conveyance and delivery of the gift.

- ii. The Organization, at its expense, shall have the deed recorded as soon as practical after receiving it.

6. Management and Disposition of Gift Property

- a. Following acceptance and receipt of a gift of real estate, other than a gift of remainder interest with a retained life estate, the Organization shall pay all carrying costs for the property until it is sold. In appropriate cases, donors will be encouraged to make cash gifts to the Organization to assist it in paying such carrying costs. The Organization will not pay any carrying costs associated with real estate while the donor and/or other individuals retain life estates in that property.
- b. When accepting a gift of a remainder interest in real property subject to a retained life estate for the donor and/or other individuals, the Organization will enter into an "Agreement of Life Tenants and Remainderman" with the donor and any other individuals who will hold such life estates. The Agreement of Life Tenants and Remainderman will set out the respective rights and responsibilities of the life tenants and the Organization.

E. Mineral Interests

With approval of the Designated Officer, the Organization may accept oil, gas, or other mineral interests so long as such interests are not "working" or "participating" interests. The Organization will conduct such due diligence as it considers appropriate.

F. Tangible Personal Property

1. Classification of Gifts

The Organization will classify all proposed gifts of tangible personal property into two categories:

- a. Related use gifts consist of property that the Organization will use in furtherance of its tax-exempt purposes for an indefinite period.
- b. Unrelated use gifts consist of property for which the Organization has no use in tax-exempt programs and which the Organization will hold for investment or sell.

Gifts of personal property shall be valued at their full fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing noncash charitable contributions. Gifts of \$5,000 and under may be reported at the value declared by the donor. If the Organization should sell or otherwise dispose of the donated property within three years of the date of the gift, the Organization must file an information return on IRS Form 8282 and send a copy to the donor.

Title to the gift property should be clear and unencumbered, and properly documented.

2. Related Use Gifts

- a. Prior to the Organization's acceptance of a related use gift, a Designated Officer will confirm with the appropriate Organization personnel – and in consultation with the University if the University will use the gift – that it is feasible and desirable for the Organization to use the gift property in furtherance of its tax-exempt purposes for an indefinite period.
- b. If the Organization accepts a related use gift, it will comply with all applicable reporting requirements, including Form 8282, upon disposition of related use property.

3. Carrying Costs – Endowment Fund

If acceptance of a related use gift will require that the Organization incur substantial ongoing costs to use the gift property in its tax-exempt programs, the CEO will determine whether to condition acceptance of the gift on a contemporaneous gift of liquid assets to establish an endowment fund adequate to pay those costs annually.

4. Unrelated Use Gifts

It is the policy of the Organization to sell or otherwise dispose of all gifts of personal property. The Organization's intention to either resell the property or to retain and use it to further its charitable activities shall be communicated to the donor in writing at the time of the gift. The selling of these gifts within 3 years will put the items to an "unrelated use" which may cause a reduced charitable contribution deduction for the donor. The sale is communicated to the donor via Form 8282.

G. Inventory

Inventory is property held by a taxpayer primarily for sale to customers in the ordinary course of a trade or business. For example, artwork contributed by its creator is considered a gift of inventory.

Whether the property is placed to a related use by the donee is irrelevant to the determination of the donor's deduction; it is limited to the donor's cost such as the cost of the materials: canvas, paint, brushes, etc. Contributions of services are not deductible; therefore, the value of the artist's time in completing the work is not deductible. In such cases, the donor should be advised to consult with a tax advisor for deductibility.

H. Out of Pocket Expenses

Un-reimbursed expenses paid by a person while volunteering time to the Organization would be counted as an in-kind donation. For example, unreimbursed expenses incurred to attend a board of director meeting would be counted. Expenses are includable but not the person's time.

Contribution credit for out-of-pocket expenses can only be given if the donor submits receipts or check copies clearly indicating the vendor's name and the goods purchased or expenses incurred, and receipts indicating the nature of the expenditure.

These expenses are recognized and recorded as an in-kind donation. The donor would receive an acknowledgement, and the donation will be counted as recognition toward total giving and qualification in giving circles.

I. Closely Held Business Interests

1. Acceptability

- a. Acceptable Interest (subject to review)
 - i. Closely held stock.
 - ii. Limited partner interests in limited partnerships.
 - iii. Interests in limited liability companies.
 - iv. Debt instruments issued by closely held businesses.
- b. Unacceptable interest
 - i. General partnership interests.

2. Relevant Factors

In reviewing proposed gifts of closely held business interests, the CEO shall consider whether:

- a. The interest is subject to restrictions that would prevent the Organization from realizing a substantial financial benefit from the interest within a reasonable period after the gift occurs.
- b. The interest is reasonably likely to provide a substantial return to the Organization in the form of sale proceeds, dividends, interest, or other return within a reasonable period after the gift occurs.
- c. The interest has the potential to generate taxable income, other undesirable tax consequences or other liabilities for the Organization.

- d. The gift is likely to confer more than an incidental benefit on the donor or another person.

J. Charitable Gift Annuities

1. Acceptable Types of Funding Property

- a. Cash and publicly traded securities not subject to SEC restrictions.
- b. Real estate and other non-liquid assets are subject to review. Before the Organization accepts this type of funding for a CGA, the Designated Officer will:
 - i. Obtain an appraisal of fair market value of the property from an independent appraiser and obtain a market analysis that assesses how likely it is that the Organization will be able to sell the property within a reasonable period of time.
 - ii. Determine what discount, if any, should be applied to the CGA rate that the Organization would otherwise use for the CGA in question and determine whether the CGA payments should be deferred, and if so, for how long.

2. Minimum Funding Amount

The Organization may establish a CGA in exchange for a transfer of cash or unrestricted publicly traded securities with a value of at least \$10,000.

3. Maximum Amount per Annuitant

A single CGA gift amount that exceeds \$1 million will require approval by the Governance Committee of the Board.

4. Minimum Ages of Annuitants

The Organization may establish CGAs for annuitants with minimum ages as follows:

- a. One-life immediate CGA: Age 60
- b. Two-life immediate CGA: Age 60
- c. One-life deferred CGA (minimum deferral – 5 years): Age 55
- d. Two-life deferred CGA (minimum deferral – 5 year): Age 55

The annual payment to the annuitant is based on the donor's age. The Organization offers the gift annuity rates recommended by the American Council on Gift Annuities.

5. Reserves

When the Organization accepts a transfer of cash or property in exchange for a CGA, it will hold the transferred property, or the reinvested proceeds from its sale, in its segregated account required by N.D.C.C. § 26.1-34.1-03 until all payments under that CGA have been made.

6. Compliance with Applicable State Law

The Organization will issue CGAs for annuitants who live in states which require CGA registration or notification only after complying with such registration and/or notification requirements. The Organization will comply with all state reporting, reserve, disclosure, and investment requirements that apply to its CGAs, including N.D.C.C. § 26.1-34.1-01 *et. seq.* The Organization may decline to issue a gift annuity to a resident of a state if compliance

with that state's regulations would be time consuming, costly, or otherwise not in the interest of the Organization.

K. Charitable Remainder Trusts

If the Organization is not the trustee of a CRT, the Organization may accept a distribution of property from that CRT upon its termination subject to the criteria for acceptance of outright gifts of the same type of property set out in Types of Gifts Section A through I above.

The Organization may accept the trusteeship, co-trusteeship, or successor trusteeship of a CRT subject to the criteria established in the Approach to Gift Development.

1. General Criteria for Acceptance

- a. The fair market value of the initial contribution to the trust is recommended to be at least \$100,000.
- b. The trust agreement must designate the Organization as the irrevocable remainder beneficiary of at least 50 percent of the trust property.

2. Drafting of Trust Agreement

The Organization will review the trust agreement if prepared by a donor's attorney prior to its execution or if the Organization will serve as trustee the Organization's legal counsel may draft the trust agreement at the Organization's expense.

3. Acceptable Funding Assets

- a. The Organization may accept trusteeship of a charitable remainder annuity trust only if it is funded exclusively with a single contribution of cash and/or unrestricted publicly traded securities.
- b. The Organization may accept trusteeship of a standard charitable remainder unitrust (*i.e.*, a unitrust which pays a fixed percentage of the annual value of the trust assets) only if the trust is funded exclusively with cash and/or unrestricted publicly traded securities.
- c. The Organization may accept trusteeship of a charitable remainder unitrust funded with non-liquid assets such as real estate or closely held business interests only if the trust is structured as a variety of net income unitrust or as a "flip" unitrust which becomes a standard unitrust only after the sale of such non-liquid assets.
- d. The Organization may accept a trusteeship of a CRT funded with real estate only if the trust meets the requirements of Type of Gifts Section D above (concerning real estate)

4. Successor Trusteeship and Co-Trusteeship

The Organization may accept the successor trusteeship or co-trusteeship of a CRT only if:

- a. The criteria established by Types of Gifts Section K.1 and K.3 above are satisfied.
- b. In the case of successor trusteeship, the Organization has reviewed, with the assistance of legal counsel as appropriate, all trust records and tax returns prior to acceptance and has determined that acceptance of the successor trusteeship presents no unusual risks for the Organization.
- c. In the case of co-trusteeship, the Organization has interviewed the proposed co-trustee and has determined that acceptance of the co-trusteeship is likely to lead to a cooperative relationship with the co-trustee and presents no unusual risks for the Organization.

L. Charitable Lead Trusts

If the Organization is not the trustee of a CLT, the Organization may accept a distribution of income from that CLT subject to the criteria for acceptance of outright gifts of the same type of property set out in Types of Gifts Section A through I above.

Under normal circumstances, the Organization will not serve as trustee.

The Designated Officer may accept the trusteeship, successor trusteeship or co-trusteeship of a CLT according to the criteria established by this section.

1. General Criteria for Acceptance
 - a. The fair market value of the property the donor transfers to the CLT has a value of at least \$1 million at the time of the transfer.
 - b. The trust agreement must designate the Organization as the irrevocable beneficiary of at least 50 percent of each annual charitable payment.
 - c. The present value of the Organization's irrevocable lead interest in the CLT is at least \$70,000.
2. Acceptable Funding Assets
 - a. The Organization will generally accept a trusteeship of a CLT funded with cash and/or unrestricted publicly traded securities, provided that the basis and composition of the assets comprising the contribution to the CLT allow for reasonable diversification of the trust's assets without undesirable tax consequences for the trust.
 - b. The Organization may accept trusteeship of a CLT funded with non-liquid assets only if the following conditions are satisfied:
 - i. The assets will generate adequate cash flow to allow the trust to satisfy its annual payout obligation in cash.
 - ii. Either there is a reasonable prospect for diversification of trust assets without adverse tax consequences to the trust, or the trust agreement adequately exonerates the Organization from any fiduciary liability for losses to trust beneficiaries resulting from a failure to diversify trust assets.

3. Family Issues

In addition to confirming that the proposed CLT satisfies the criteria established by Types of Gifts Section L.1 and L.2 above, the Designated Officer will:

- a. Determine that the family remainder beneficiaries of the CLT are aware of and are agreeable to the role of the CLT in the donor's estate plan.
- b. Determine, based on all information available to the Designated Officer, that the risk of dispute with the remainder beneficiaries about the Organization's administration of the trust is acceptably low.

4. Successor Trusteeship and Co-Trusteeship

The Organization shall accept a successor trusteeship or co-trusteeship of a CLT based on criteria and procedures analogous to those established for acceptance of successor trusteeship or co-trusteeship CRTs established by Types of Gifts Section L.4 above.

M. Gifts by Will or Revocable Trust

1. Acceptance of Distributions from Estate or Revocable Trust

The Organization may accept distributions of assets from a donor's estate or revocable trust subject to the criteria for acceptance of outright lifetime gifts of those types of property established by Types of Gifts Section A through I above.

2. Trusteeship of Revocable Trust

- a. The Organization will not accept co-trusteeship of a revocable trust with the donor while the donor is alive and competent.
- b. The Organization generally will not accept successor trusteeship of a donor's revocable trust upon the donor's death or incapacity. With approval of the CEO, the Organization may accept such a trusteeship only if the following conditions are satisfied:
 - i. The Organization's legal counsel has reviewed the revocable trust agreement and has recommended acceptance.
 - ii. Under the trust agreement, the Organization is responsible only for trust administration and for management of trust assets, and the trust agreement names another trustee with sole responsibility for determining the donor's incapacity and for making and implementing personal care decisions for the incapacitated donor.
 - iii. The Organization's gift under the revocable trust agreement is likely to be sufficient to justify the Organization's acting as trustee.

N. Life Insurance

1. Lifetime Gifts

- a. Lifetime gifts of paid-up whole life insurance policies on the life of the donor are acceptable, provided that they are not subject to the condition that the

Organization keep the policy in force. The policy may not be a term insurance policy.

- b. The Organization will not serve as trustee of a life insurance trust where there exist beneficiaries in addition to the Organization.
- c. The donor agrees to be responsible for making additional premium payments if the interest rates fall below expectations and additional premium payments are required.
- d. If premiums remain to be paid on a whole life policy on the donor's life, a Designated Officer will review the policy to determine whether acceptance would be advantageous. The Organization will not accept a gift of such a policy subject to the condition that the Organization pay future premiums and keep the policy in force.
- e. The premium must be a lump sum payment or periodic premium payments. These premium payments are made to the Organization and the Organization records these donor payments as gifts and provides appropriate acknowledgement. The Organization remits the premium payments on to the insurance company.
- f. The donors will be informed that if, for any reason, they are unable to make the gifts to cover the premium payments and there are not dividends to cover the payment, the Organization will select an option deciding the future of the policy based upon several factors, which may be age of donor, death benefit, amount of paid-up insurance, amount of premium, number of premiums remaining, etc. The options are:
 - i. To not pay any additional premiums and consider the policy paid at current level of insurance.
 - ii. To surrender the policy for the cash value and use the funds as designated by the donor.
 - iii. To use Organization resources to pay the insurance premium.

2. Gifts of Life Insurance Proceeds

- a. The Organization may accept life insurance proceeds payable to it as beneficiary of a life insurance policy which the donor owns at death.
- b. The Organization can be named beneficiary of a life insurance policy and does not own the policy.

O. Retirement Accounts

Donors can name the Organization as beneficiary of their retirement plans such as their IRA, 401(k), and 403(b). This designation can be in whole or part, as a stated amount or a percentage of their balances at death.

P. Other Types of Gifts

The Organization may accept types of gifts not covered by the preceding provisions of this Type of Gifts after review by the CEO, and, in their discretion, after review by the Organization's legal counsel.

Not Charitable and Not Countable

A. Contributed services

A person's or organization's time and/or service is not considered a charitable contribution and is not countable, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service (example include, but not limited to: construction services, accounting, consulting, printing, web development, advertising space, etc). In these situations (if the donor wishes to make a charitable contribution and receive tax credit, CASE suggests that the donor bill the institution and turn around and make a cash donation of the same value. However, in certain circumstances, the Organization may recognize contributed service(s) through an acknowledgement letter, but without the inclusion of tax credit language.

B. Partial Interest and Limited use of private property

Donations such as timeshare weeks, rent free use of office space, and transportation use including aircraft do not qualify as a charitable tax deduction to the donor. However, a donor may be able to deduct expenses incurred for the use of the property. In such cases, the donor should be advised to consult with a tax advisor.

IRS Forms 8282 and 8283

For noncash gifts with values exceeding \$500 the donor must complete the IRS form 8283. The donor completes section A or section B depending on the type of property donated and the amount claimed as a deduction. The donor then submits the form to the Organization for signature, and files the form with their tax return. This includes individual, partnerships, and corporations. The Vice President of Finance or the CEO are the only individuals authorized to sign IRS Form 8283.

If the Organization has signed an IRS form 8283 and then sells, exchanges, or otherwise transfers the gift within three years from the date of gift, the Organization must file IRS Form 8282, Donor Information Return, within 125 days of disposing the property. The return is sent to the IRS Service Center and a copy must be provided to the donor as it may affect the charitable tax deduction for which they qualify.

RESTRICTED GIFTS

A. Fund Guidelines

The Organization shall adhere to its Fund Policy, which contain procedures and requirements for accepting restricted gifts. In the event of any inconsistency between the Fund Policy and these Gift Acceptance Policies and Procedures, these Policies and Procedures shall control.

B. Additional Guidelines

The Organization has the discretion to not accept gifts subject to restrictions that:

1. Impose an undue administrative burden on the Organization or University.
2. Involve unlawful discrimination of any kind or otherwise violate any applicable federal or state law.

3. Are inconsistent with the Organization's mission and/or ethical standards.
4. Would prevent or impede the Organization from seeking other gifts.
5. Are likely to generate adverse publicity for the Organization.

C. Pre-acceptance Procedures

When a donor proposes a restricted gift, a Designated Officer will consult with the Organization personnel who would be responsible for complying with the restriction – as well as University personnel if the restriction would impose obligations on the University – to determine that the Organization and/or University can and is willing to use the gift for the designated purpose. The Designated Officer will report the results of that inquiry to the CEO.

D. Administration of Restricted Gifts

The Organization will comply with restrictions imposed on the use of a gift by the applicable gift instrument unless:

1. The donor is living, and the Organization obtains the donor's consent to a release or a change of the restriction.
2. The terms of the gift instrument permit the Organization to modify a restriction in certain circumstances and the Board determines that such circumstances exist.
3. The Organization obtains an order from a North Dakota District Court releasing or modifying the restriction or North Dakota law otherwise permits the Organization to release or modify the restriction.

NAMING GUIDELINES

All gifts involving donor recognition or naming opportunities shall comply with and be subject to the UND's Naming Policy, as may be amended from time to time.

SCREENING FOR PROBLEM GIFTS

The Organization will undertake the screening procedures set out in this Screening for Problem Gifts before deciding whether to accept the gift. These procedures are designed to help the Organization determine whether the proposed gift poses any unusual risks or problems, such as lack of genuine donative intent, shopping among institutions for the most favorable gift terms, and the possibility of a challenge to the gift or the Organization's administration of it by members of the donor's family or others.

The Organization will make reasonable efforts to obtain answers to the following questions:

1. Does the donor already have a positive connection with the Organization or University?
2. Do the donor's comments and questions regarding the proposed gift suggest that the donor believes the donor and/or the donor's family can come out ahead financially as a result of the gift?
3. Does the gift potentially involve unlawful discrimination of any kind or otherwise violate any applicable federal or state law?
4. Is the gift arrangement legitimate and not abusive from a legal perspective?
5. Is the Organization's role in the gift proposal obscure or mysterious?

6. Are relatives of the donor, other than the donor's spouse, named as beneficiaries of the gift arrangement (*e.g.*, as beneficiaries of a CGA, CRT, or CLT)?
 - a. If so, will such family member beneficiaries receive other substantial gifts from the donor during the donor's lifetime or at the donor's death, or will the proposed gift comprise the bulk of their inheritance?
7. Has the donor discussed the gift plan in detail with the family member beneficiaries and are they supportive of it?
8. Is the donor frail or elderly?
9. Is the donor married or a surviving spouse who lives in a community property state?
10. Does the donor propose to make the gift in part with assets (such as trust assets) that the donor does not own individually?

IMPLEMENTATION AND PROCESSING OF GIFTS

A. Donor's Legal Counsel

1. The Organization will inform the donor at the beginning of the gift planning process that:
 - a. The Organization and its legal counsel do not represent the donor in connection with the gift.
 - b. The donor should consult with their own legal counsel and tax and financial advisors about the gift before completing it.
2. Attorney Referrals
If the donor asks for a referral to an attorney, the Organization may provide the names of attorneys to the donor with a statement that the Organization and its counsel make no representations regarding the skills or expertise of the attorneys in question.

B. Drafting Gift Documents

1. The Organization's Legal Counsel
When the Organization will be a party to a legal gift document, the Organization will consider engaging legal counsel to draft or review the document.
2. Fees
Each party to a gift document should pay the fees for its own legal counsel's role in the process (*i.e.*, drafting or review).

C. Qualified Appraisal

1. The donor shall bear the entire cost of the appraisal.
 - a. The appraisal is a document that will be used by the donor to substantiate a charitable deduction before the IRS and is not a transaction that involves the Organization.
 - b. See Appendix A for a complete list of requirements for a qualified appraisal.

D. Environmental Audit

The Organization will pay the entire cost of any environmental review conducted prior to acceptance of a gift of real estate.

E. Gift Receipts

1. Contemporaneous Written Acknowledgement:

In the case of all gifts with a value of \$250 or more, the Organization shall provide the donor with a gift receipt no later than January 31 of the year following the year in which the gift is completed. The receipt shall:

- a. Give a description of the gift property but not its value (unless the gift is cash, in which case the receipt shall state the amount).
- b. State whether the Organization provided any goods or services to the donor in consideration for the gift.
- c. Include the Organization's good faith estimate of the fair market value of any goods or services it provides to the donor in consideration for the gift.
- d. If the gift is related to a donor advised fund, the receipt shall state the Organization has exclusive legal control over the assets contributed.

2. Quid Pro Quo Disclosure Statement:

When a donor makes a gift of \$75 or more and the Organization provides goods or services in consideration for the gift, the Organization shall provide the donor with a quid pro quo disclosure, which may be incorporated into a gift receipt described in Implementation and Processing of Gifts Section E.1 above if appropriate. The Organization shall provide the disclosure to the donor at the time of the solicitation or the receipt of the gift. The disclosure shall:

- a. State that the amount of the donor's deductible charitable contribution is the amount by which the value of the gift property exceeds the value of the goods or services the Organization provided in consideration for the gift.
- b. Give a good faith estimate of the value of the goods or services the Organization provided to the donor in consideration for the gift.

F. Reports to Donors

The Organization shall provide periodic written reports to donors with respect to CRTs, CLTs and endowment funds. The Organization shall establish procedures regarding the timing of such reports and the information they shall include.

APPENDIX A – QUALIFIED APPRAISAL

A qualified appraisal must include:

1. Information about the contributed property, including a description in sufficient detail under the circumstances, taking into account the value of the property, that a person not generally familiar with the type of property can ascertain that the appraised property is the contributed property.
2. In the case of real property or tangible personal property, the condition of the property.
3. The valuation effective date, which must be no earlier than 60 days before the date of the contribution and no later than the due date, including extensions, of the tax return on which the deduction for the contribution is first claimed.
4. The date, or expected date, of the contribution, not be earlier than 60 days before the date of the contribution and no later than the date of the contribution.
5. The fair market value of the contributed property on the valuation effective date.
6. The terms of any agreement or understanding by or on behalf of the donor and donee that relates to the use, sale, or other disposition of the contributed property, including, for example, the terms of any agreement or understanding that:
 - a. Restricts temporarily or permanently a donee's right to use or dispose of the contributed property;
 - b. Reserves to, or confers upon, anyone, other than a donee or an organization participating with a donee in cooperative fundraising, any right to the income from the contributed property or to the possession of the property, including the right to vote contributed securities, to acquire the property by purchase or otherwise, or to designate the person having income, possession, or right to acquire; or
 - c. Earmarks contributed property for a particular use.
7. The appraiser must include the following declaration in his or her appraisal report: "I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c)."
8. A statement that the appraisal was prepared for income tax purposes.
9. The method of valuation used to determine the fair market value, such as the income approach, the market-data approach, or the replacement-cost-less-depreciation approach.
10. The specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.