

Gift Acceptance Guidelines

I. Gift Acceptance Statement

This governs the acceptance of gifts to Northeast Ohio Medical University Foundation (the Foundation) and supports Article X, Section A of the Code of Regulations for the Foundation.

II. Overview

The majority of gifts and commitments are routinely accepted provided they fit the criteria for each gift type as described in Article X, Section A of the Foundation Code of Regulation. Situations not addressed by the written policy and questions of acceptance of gifts such as real property, gifts for building projects, gifts which involve naming, or planned gifts often need further approval. Section III describes the process for organized discussion with content experts and escalation to the proper level of approval.

III. Acceptance Process

A. Routine acceptance

Gifts that are within the parameters of the documented guidelines and do not require special handling are routinely accepted by and receipted without consultation of senior administrators.

A final draft of all Gift Agreements should be reviewed by the appropriate dean and by the vice president of external affairs, or her designee before being presented to the donor for signature.

When a gift or commitment does meet the documented criteria, the following steps are followed to resolve problems and escalate special circumstances.

B. Consult with staff content experts

A development officer with a gift acceptance question including capital projects or naming rights should consult with other staff to answer questions, interpret policy, or develop alternate giving options. The Office of Administration and Finance, and General Counsel are areas that are typically involved in answering gift acceptance questions.

Most gift acceptance questions involve gifts of property, real estate, or planned gifts. Questionable gifts of this nature should be brought to the Senior Development Officer team who will consult with university colleagues to suggest ways to rework the gift to be within the gift acceptance policy, recommend that the gift not be accepted, or escalate it for special consideration.

C. Escalate to Vice President for External Affairs

Unresolved issues will be brought by any member of Development’s senior team to the Vice President for External Affairs who will make a decision to accept, reject or escalate the gift discussion, in consultation with other university leadership as required by the circumstances of the gift. Leadership staff to be consulted may include, but are not limited to:

- President of Northeast Ohio Medical University
- Vice President for Administration and Finance
- Vice President for Research and Dean, College of Graduate Studies
- Dean, College of Pharmacy
- Dean, College of Medicine
- Director, Governmental Relations
- General Counsel

The Vice President for External Affairs may escalate any gift to the Gift Acceptance Committee in consultation with the President and Chair of the Foundation Board.

D. Escalate to Gift Acceptance Committee

A Gift Acceptance Committee will be appointed by the Vice President of External Affairs in consultation with the President, Vice Presidents for Administration and Finance and Research. The committee will have final authority to accept or reject a gift. The committee will convene as needed. Members of the committee may include, but will not be limited to:

Voting Members

- President of Northeast Ohio Medical University
- President of the Northeast Ohio Medical University Foundation Board
- Campaign Chair (during campaign periods)
- Member-at-Large appointed by the President of the University

Ex-officio Members

- Senior university leadership as needed

IV. Gift Types

A. Cash

Contact: Coordinator for Advancement Services

Cash gifts include currency, coin, checks, credit card payments, money orders and bank drafts. Rare coins and rare currency are handled as gifts-in-kind and will be valued at the appraised value rather than the denomination of the coin or bill. Cash gifts are not reviewed by the Gift Acceptance Committee provided the gift is made consistent with the university’s mission. Non-traditional cash gifts or gift agreements should follow the approval process.

B. Payroll deductions or Electronic Transfer

Contact: Coordinator for Advancement Services

Payroll Deductions from an employee's pay and electronic funds transfer from a donor's financial institution are not reviewed by the Gift Acceptance Committee provided the gift is made consistent with the university's mission. Non-traditional payroll deductions and electronic fund transfers should follow the approval process.

C. Publicly Traded Securities

Contact: Coordinator for Advancement Services

Securities include primarily stocks, bonds and mutual funds. Gifts of publicly traded securities are not reviewed by the Gift Acceptance Committee provided the gift is made consistent with the university's mission.

For securities held in a brokerage account, development officers may provide donors with transmittal instructions, or have their brokers contact the *Coordinator for Advancement Services* directly for details regarding the transmittal. The date of such gifts is the date the securities are transferred to the Foundation.

Gifts of securities are valued at the mean of their market value on the date the donor relinquished control of the assets in favor of the university. Neither losses nor gains realized by the university on the sale of securities after their receipt, nor brokerage fees or other expenses associated with the transaction shall affect the value reported. The Office of Administration and Finance confirms the high, the low, and the mean price for the listed securities, and provides the value of mean between the high and low prices at which the security was traded on the date of acceptance. If there were no sales on that date, the value shall be determined by taking the mean between the highest and lowest sales on the nearest date before and the nearest date after the date of acceptance, within a reasonable period.

If the securities are held in certificate form, donors will need to sign a stock power and have the signature guaranteed by a chartered bank or broker. The donor then mails the certificate(s) and stock power in two separate envelopes to the *Coordinator for Advancement Services*, 4209 State Route 44, Rootstown, OH 44272.

If the securities are to be used for a charitable gift annuity or charitable remainder trust, a Senior Development Officer should also be involved.

Once possession is obtained, these gifts will be sold by the Office of Administration and Finance as soon as practical taking into account liquidity, daily volume and transaction processing. In almost all cases security should be sold within six months of taking possession.

D. Real Property

Contact: Development Office

Real property includes detached, single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc. Typically, the Foundation will liquidate all real estate gifted to it; because of the unique circumstances that often accompany gifts of real estate, the gifts must be handled on a case by case basis and brought immediately to the attention of the Vice President of External Affairs.

The development officer should work with the donor to develop a Gift Agreement outlining the donor's wishes for the gift. The gift agreement should not be executed until after the site inspection and environmental report have been completed. All property to be retained by the Foundation must have Foundation Board approval. Such approvals will not be sought until after the gift agreement has been executed and the appraisal, survey, title insurance, and financial plan (if required) have all been completed and approved by the appropriate parties.

If an appraisal is not provided, the gift will be recorded at \$1.00 and the value adjusted when the appraisal is provided or property sold.

Gifts of real property will be reviewed using the following criteria:

Site inspection: The site inspection should be completed by a qualified staff member of the university's office of administration and finance and office of development **before** any expense is incurred by the donor or the university. If the initial site inspection is satisfactory, the items listed below must be completed at the donor's expense, except where specifically noted.

Environmental Reports: To provide assurance that the property is marketable and free of hazardous contaminants, a Level 1 survey is required. An outside Level 1 may be required by the Foundation. A Level 1 survey has three components: 1) site assessment – physically walking the property to identify visible signs of waste; 2) Local Record Inspection – to uncover events or violations that have been recorded on or near the property; and 3) State Record Inspection similar to the type of research done at the local level but involves state environmental agencies.

If evidence exists of toxic waste on the property, a Level II survey will be needed. This involves drilling for water and soil samples which are sent to a lab for analysis. The donor will either be asked to provide an pay for the environmental survey or the cost of the survey will be deducted from the sale proceeds of the property if the property is sold, or paid by the department accepting the property if it is not to be sold.

Survey: A survey showing all boundaries, easements and access to the property must be done at the donor's cost.

Wetlands Appraisal: Where appropriate, an appraisal of the existence of protected wetlands will be conducted at the donor's cost.

Appraisal, Title Commitment & Title Insurance: A current qualified, independent appraisal that follows the IRS Guidelines and preliminary title commitment must be completed at the donor's cost. It must include the fair market value and legal ownership of the property. Additionally, the university and foundation require a title insurance policy to guarantee clear title to the property transferred as a gift. The donor is responsible for providing the title insurance policy upon closing.

Limitations and Encumbrances: The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, leases, mechanic liens and other limitation of record must be disclosed. Gifts of real estate will not be accepted until all mortgages, deeds of trust, liens and other encumbrances, including real estate taxes, have been discharged, except in cases where the fair market value of the university's interest in the property less all encumbrances is substantial.

Marketability: Qualified appraisals prepared in connection with gifts of real estate are prepared for income tax purposes and reflect a professional opinion usually based on historical data. These appraisals may or may not reflect the price at which the property can be currently sold. The university reserves the right to obtain an additional appraisal of the property. *Under no circumstances will the university's obtained appraisal be given to the donor for use on the donor's tax return.*

Sale of real estate: It is the responsibility of the development officer to inform the donor that it is typically the intention of the foundation to dispose of gifts of real estate. Regardless of the value placed on the property by the donor's appraisal, the university may attempt to sell at a reasonable price given prevailing market conditions. Donor should be advised to comply with IRS Form 8283 (noncash charitable contribution) reporting requirements for non-cash gifts in excess of \$5,000 in value. The office of development will execute the donee acknowledgement section of a completed Form 8283. In addition, the donor must be informed that any sale occurring within three years of the date of the gift will be reported to the IRS on Form 8282 (Donee Information Return).

Property Retained by the University: If property is to be retained by the university, the applicable department must prepare a financial plan detailing the use of the property. Such plan must be approved by the Office of Administration and Finance.

Carrying Costs: The existence and amount of carrying costs, including property owner's association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed by the donor. Such costs associated with acquiring and

holding gifts of real estate may be charged against the sale proceeds and the remainder will fund the intended account or purpose. When it is estimated that substantial costs may be incurred before a property is accepted and the university or foundation are not in a position to assume those potential obligations, the applicable department or college recipient may be asked to assume responsibility for these costs.

Closing Costs: There should be a closing, at which the donor will be responsible for the prorated taxes up to the settlement date as well as any other closing costs

Real Estate Held in a Charitable Remainder Trust: In the event real estate is transferred to a Charitable Remainder Trust, donor or other representative of the donor shall serve as the trustee until the real estate is sold.

E. Gifts in Kind / Tangible Personal Property

Contact: Coordinator for Advancement Services

Gifts-in-Kind / Tangible Personal Property includes items such as works of art, boats, books, computers, computer software, machinery, medical equipment, motor vehicles, animals, or even food for an event. Gifts in Kind (GIKs) must demonstrate a clear, distinct support of the mission of the Northeast Ohio Medical University. Though not generally accepted by the Foundation, the Coordinator for Advancement Services, with approval of the department chair and development officer, does have the authority to accept GIKs valued at less than \$5,000. GIKs valued at \$5,000 or more require the approval of the Office of Administration and Finance, this will be coordinated through the Coordinator for Advancement Services. GIKs with extraordinary circumstances, or of questionable value to the university can be escalated to the Gift Acceptance Committee at the discretion of the Vice President for External Affairs in conjunction with the Vice President of Administration and Finance.

If an appraisal is not provided, the gift will be recorded at \$1.00, and the value adjusted when the appraisal is provided. GIKs will be reviewed using the following criteria:

Market Value: A current qualified independent appraisal that follows the IRS Guidelines or other acceptable third party documentation obtained at donor's cost, must be made available to the Gift Acceptance Committee.

Description of Property: A written description of the property, including potential uses of the property, and storage/maintenance requirements and costs is required.

Disposition: A written description of any requests made by the donor as to selling timeline/price, list of potential buyers, other considerations (pros/cons) on retaining or selling the property. Donor should be advised to comply with IRS Form 8283 (Noncash Charitable Contributions) reporting requirements for non-cash gifts in excess of \$5,000 in value. The Coordinator for Advancement Services will execute the donee

acknowledgement section of a completed Form 8283. In addition, the donor must be informed that any sale occurring within three years of the date of the gift will be reported to the IRS on Form 8282 (Donee Information Return). A donor may not take a charitable deduction for the fair market value of the gift unless the property will be used by the university in a manner related to the university's purpose.

F. Personal Services

Contact: Development Officer

A donor will not receive gift credit for time spent performing a service for the university. However, gifts of personal services may be of great value to the university and the university may wish to provide recognition credit for stewardship purposes or to provide certain university benefits.

V. Pledges

Contact: Development Officer

The development officer has access to templates and supporting documentation for drafting a gift agreement from the university's servers. The draft agreement should be reviewed and/or approved by the Development Office, the respective Deans' offices, the Office of Academic Affairs, General Counsel, before the agreement is signed by the donor. The Senior Development Officer Team can assist in drafting the document, provide samples, or help answer questions at any point in the process. Deans and program heads related to the gift should be actively consulted throughout the process.

Pledge duration should be limited to five years whenever possible. Exceptions to the five-year pledge duration must be approved by the Vice President for External Affairs or his/her designee. A signed copy of the gift agreement must be received before the pledge is recorded in the system. In lieu of a formal gift agreement, a letter of intent signed by the donor will be accepted, provided it includes the terms and length of the pledge.

VI. Planned / Deferred Gifts

Contact: Development Office

All planned gifts require a Confirmation of Planned Gift form to be filed at the Development Office. The Confirmation of Planned Gift form must include the donor's date of birth and must be signed by the donor.

Bequests:

The development officer should work with the donor to develop a Gift Agreement outlining the donor's wishes for the future gift. If possible, the development officer should obtain a copy of the portion of the donor's will naming the university as a beneficiary. The copy should be filed with the Confirmation of Planned Gift form. For unusual bequests of property, non-cash items, and issues regarding trustees and executors, please consult the Senior Development Officer Team.

Charitable Gift Annuities

The Development office is responsible for preparation of the charitable gift annuity agreement and associated gift agreements. The minimum amount for a gift annuity is \$10,000 (\$5,000 for current employees of the university of the appropriate age). The President of the Foundation and a representative of the particular unit benefiting from the residuum usually sign gift agreements; the charitable gift annuity agreement is signed by the Treasurer of the Foundation. Gift annuities funded by property other than cash or marketable securities should follow the acceptance process.

Retirement Plans

Retirement plans, including IRAs, tax-sheltered annuities and Keogh plans do not require review by Gift Acceptance Committee provided the gift is made consistent with the university's mission. Development officers should also obtain a copy of the beneficiary designation form signed by the donor naming Northeast Ohio Medical University Foundation as the beneficiary. The beneficiary designation form should be attached to the Confirmation of Planned Gift form. The development officer should then work with the donor to complete a gift agreement outlining the donor's wishes for the gift.

Charitable Remainder Trusts and Charitable Lead Trusts

Trust agreements do not require review by Gift Acceptance Committee provided the gift is made consistent with the University's mission. The Development Office, in conjunction with the Office of Administration and Finance, accepts charitable trusts on behalf of the Foundation when the Foundation is Trustee. The present value of the remainder interest must be equal or greater than the minimum funding level for a named endowment. Associated gift agreements are prepared by the development officer and signed by the President of the Foundation and the dean of the college or chairperson of the unit benefiting from the remainder. The Trust agreement is signed by the Treasurer of the Foundation. Non-traditional trusts should follow the acceptance process.

Life Insurance

Policies gifted to NEOMED: Life insurance policies that meet the following criteria do not need to be reviewed by the Gift Acceptance Committee

- The gift is made consistent with the university's mission.
- The Foundation is named both beneficiary and irrevocable owner of the policy.
- The policy covers the life of the donor.
- The policy is paid up to at least age 100 or has a minimum face value of \$200,000 (recommended due to cost of policy administration) and the donor is at least 65 years old at the time of the gift of the policy (recommended due to length of policy administration).
- There is a "waiver of premium" provision on the policy so that the policy will continue to be paid in the event of the donor's disability.

- The donor agrees to pay premiums to keep the policy in full force and effect and must sign a gift agreement in a total amount that equals or exceeds the total premiums due over the life of the policy.
- The policy may not have any outstanding loans at the date of the gift.
- Any relationship between the donor and the insurance agent must be fully disclosed to the Foundation.
- The insurance agent's fee schedule must be disclosed to the Foundation. Donor will pay agent's fee,
- A written gift agreement must be on file with the Foundation acknowledging ownership of the policy by the Foundation and acknowledging the right of the Foundation to cash in the policy and apply the proceeds in accordance with the existing gift agreement. If the policy is intended to establish an endowment, then the face value must meet the minimum funding level for the stated endowment purpose that is in effect at the time of the gift of the policy. If minimum funding levels for the endowment are not attained with the proceeds (when the policy is surrendered or matures), then the gift agreement may provide that the proceeds be used to fund an endowment with a lower funding requirement or may provide that the proceeds shall be applied for the benefit of the university as the Foundation Board members may deem appropriate, giving due consideration to the intent of the donor.
- Life insurance policies with an unpaid balance that do not meet the above criteria will be reviewed by the Development Office which will either recommend to the development officer and donor that the policy be surrendered or will bring it to the Vice President of External Affairs who will determine whether to accept the policy, refer it to the Gift Acceptance Committee, or reject the policy.
- Donors may also name the Foundation as a beneficiary of life insurance policies that they own. Such policies should be confirmed with a copy of the Confirmation of Planned Gift form and will be counted as *revocable* bequests.

VII. Related documents (still in draft form)

Confirmation of Planned Gift Form
 Gift Agreement Template
 Naming Guidelines
 Endowment Guide
 Chair and Professorship Guide
 Distinguishing Grants, Gifts and Contracts