



# **Gift Acceptance and Disposition Policy**

**October 15, 2004**

## **Gifts Governed by this Policy**

This policy is established to govern the acceptance and disposition of all gifts made to St. Norbert College, whether such gifts are *inter vivos* (lifetime) or from estates, other than gifts of: (1) cash or (2) publicly traded equities traded on national exchanges. The Vice President for College Advancement must approve, in advance of acceptance, all such gifts that fall under this policy.

Gifts subject to this policy will be considered in four categories: (1) tangible personal property, (2) real property, (3) life insurance, and (4) other assets. The latter category includes, but is not limited to: promissory notes, assignments of promissory notes, partnership interests, and restricted or non-publicly traded securities. The criteria for acceptance, the acceptance/approval process, and the disposition policy (where relevant) for each category are set forth below.

### **Category 1 — Tangible Personal Property**

#### **a) CRITERIA FOR ACCEPTANCE**

Gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, may be accepted only after a thorough review indicates that the property is:

- i) Readily marketable; or
- ii) Needed by the College for use in a manner that is related to the mission and heritage of the College and for one of the purposes for which the tax-exempt status of the College was granted: education, research, or a combination thereof.

#### **b) APPROVAL/ACCEPTANCE PROCESS**

- i) An Advancement Officer or other appropriate departmental officer will prepare a written summary of the gift proposal and submit that summary to the Director of Advancement Services. At a minimum, the summary shall include the following information:
  - (1) Description of the asset;
  - (2) The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), programs(s), or endowment(s) to benefit from the gift;
  - (3) An estimate or appraisal of the gift's fair market value and marketability;
  - (4) Any potential College use and, if so, written review by the department to benefit from the asset; and
  - (5) Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, etc.).

- ii) The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer, consult with other College officials and the donor as appropriate, and make a determination as to whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.
- iii) If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of tangible personal property, the Advancement Officer will acknowledge receipt of the gift on behalf of the College. The College will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of gifts of tangible personal property valued in excess of \$1,500.
  - (1) The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance acceptable to the College, and the delivery of the property, as applicable. The donor will pay all costs associated with the conveyance of the gift. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of tangible personal property valued at more than \$500. The donor should send this form to the Gift Coordinator for execution.

c) DISPOSITION

- i) Upon approval of a proposed gift of tangible personal property by the Vice President for College Advancement, he/she will assign a College office the responsibility for disposing of the gift, unless the gift is intended for a specific College purpose, in which case no immediate disposition is necessary. Any guidelines on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the College office responsible for disposing of the gift.
- ii) Upon approval of a proposed gift, the Vice President for Business and Finance or his/her designee will identify a Fund and Organization Code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, a Development code will be used as a holding account.
- iii) Until the property is sold or otherwise disposed of, the College office responsible for disposing of the gift will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.
- iv) The Vice President for College Advancement must be consulted before a gift of tangible personal property may be sold for less than appraised value, estimated fair market value, or guidelines imposed by College Advancement in approving the gift, as the case may be. If, in the judgment of the College office responsible for disposing of the gift, a current appraisal of the property would assist in disposing of the property, the College office responsible for disposing of the gift may request permission to have the appraisal performed.
- v) Upon sale of the property, the College office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds to the extent known, and distribute it to the Vice President for College Advancement, the Vice President for Business and Finance or his/her designee, and the designated representative of the department to benefit from the gift.

- vi) The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for gifts of tangible personal property valued at more than \$1,500 sold by the College within two years of the date of gift.

## **Category 2 — Real Property**

The College will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.), including gifts subject to a retained life estate, only after a thorough review of the criteria for acceptance set forth below under the direction and supervision of the Vice President for Business and Finance or his/her designee. All Gifts of real property shall be subject to terms and conditions as set forth in the St. Norbert College Policy for Accepting Gifts of Real Estate.

### **a) CRITERIA FOR ACCEPTANCE**

- i) **Market Value and Marketability.** The Vice President for Business and Finance or his/her designee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the College would receive if the proposed gift were approved. Advancement Officers will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. Advancement Officers must understand and communicate to donors that it is the College's policy to dispose of all gifts of real estate (other than property which the College wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by the donor's appraisal, the College will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within two years of the date of gift will be reported to the IRS on Form 8282.
- ii) **Potential Environmental Risks.** All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property, which has been used solely for residential purposes for a significant (at least twenty-year) period of time. In cases where this exception applies and no environmental audit is undertaken, the donor/executor must have an outside party complete an Environmental Checklist prepared by the Vice President for Business and Finance or his/her designee and may be required to execute an environmental indemnity agreement. Even in cases where a Phase I audit is submitted, the Vice President for Business and Finance or his/her designee may require that the donor sign an environmental indemnity agreement.
- iii) **Limitations and Encumbrances.** The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the Colleges' interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the College has been executed by a financially responsible party.
- iv) **Carrying Costs.** The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.
- v) **Title Information.** A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

b) APPROVAL/ACCEPTANCE PROCESS

- i) The Advancement Officer, with the assistance of the Vice President for Business and Finance or his/her designee, will prepare a written summary of the gift proposal and submit that summary to the Vice President for College Advancement. At a minimum, the summary shall include the following information:
  - (1) Description of real property;
  - (2) The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift;
  - (3) An appraisal of the property's and, if different, the College's interest in the property's fair market value and marketability;
  - (4) The results of a title search;
  - (5) Any potential for income and expenses, encumbrances, and carry costs prior to disposition;
  - (6) Any environmental risks or problems revealed by audit or survey;
  - (7) Any potential College use; and
  - (8) Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, realtors or brokers with whom the donor would like the College to list the property, etc.).
- i) The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer, consult with other College officials and the donor as appropriate, and make a determination as to whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.
- ii) If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of real property, the Advancement Officer will acknowledge receipt of the gift on behalf of the College upon notice by the Vice President for Business and Finance or his/her designee that the property has been properly recorded in the local Registry of Deeds. The College will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS.
- iii) The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary by the Vice President for Business and Finance or his/her designee, a current survey, title insurance and/or an attorney's title opinion, will be charged to the fund code of the department(s), program(s), or endowment(s) to benefit by the donation. In addition, the IRS requires the filing of Form 8283 by the donor; the donor should send this form to the Vice President for Business and Finance or his/her designee for execution.

b) DISPOSITION

- i) It is the responsibility of the Vice President for Business and Finance or his/her designee to dispose of all gifts of real property. Any guidelines the Vice President for Business and Finance or his/her designee wishes to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the Vice President for College Advancement.
- ii) If the Vice President for Business and Finance or his/her designee determines that it is in the best interests of the College to retain for its own use a gift of real property, it will be recommended to the appropriate officers of the College and to the Board of Trustees that the College purchase the property and that, in all other cases they authorize liquidation of such funds for the benefit of the designated gift purpose.
- iii) Upon acceptance of a gift, the Vice President for Business and Finance or his/her designee will designate a code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, the code will be used as a holding account.
- iv) Until the property is sold or otherwise disposed of, the Vice President for Business and Finance or his/her designee will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.
- v) Upon sale of the property, the Vice President for Business and Finance or his/her designee will prepare a final report on the property, including a financial summary of net proceeds, and distribute it to the Vice President for College Advancement and the designated representative of the department to benefit from the gift.
- vi) The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for gifts of real property sold by the College within two years of the gift.

**Category 3 — Life Insurance**

a) CRITERIA FOR ACCEPTANCE

With approval of the Vice President for College Advancement, the College will accept gifts of life insurance policies that meet the following two criteria:

- i) The policy is a life insurance policy which is either paid-up or, if not paid-up as of the date of gift:
  - (1) Has a minimum face value of \$10,000;
  - (2) Has a payment schedule not to exceed ten years and assumes an interest rate not to exceed two percent below prime rate as of the effective date of the policy; and

(3) Requires charitable contributions from the donor to the College in the amount of any premiums, including unscheduled premiums, which may become due.

ii) St. Norbert College is designated as the owner and the beneficiary of the policy.

If intended for endowment purposes, the face value of the policy meets the minimum funding standards for endowments established by the Board of Trustees.

b) APPROVAL/ACCEPTANCE PROCESS

i) The Advancement Officer will prepare a written summary of any proposed gift of a life insurance policy which fails to meet all of the criteria specified in Section A above and submit that summary through the College's Director of Major & Planned Gifts or his/her designee. At a minimum, the summary shall include the following information:

(1) Description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured(s), and other relevant policy information; and

(2) The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift.

ii) The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer, consult with other College officials and the donor as appropriate, and make a determination as to whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.

iii) If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of a life insurance policy, the assigned Advancement Officer will acknowledge receipt of the gift on behalf of the College.

iv) The gift will be completed upon the execution and delivery of the life insurance policy to the College or an assignment of the policy in the event that the College is not the original owner of the policy.

c) ADMINISTRATION

The Office of College Advancement shall administer all gifts of life insurance policies and shall maintain records of all donor policies, contribution schedules, donor designations of death benefits, and the like. The College's Director of Major & Planned Gifts or his/her designee, shall be responsible for pledge reminders and monitoring payments of premiums.

The Vice President for Business and Finance or his/her designee shall be responsible for confirming the existence and cash value of all policies in force at least annually and for collecting and distributing death benefits. Upon receipt of death benefits, the Vice President for Business and Finance or his/her designee shall provide notice to the department(s), program(s), or endowment(s) to benefit from the gift.

## Category 4 — Other Assets

### a) CRITERIA FOR ACCEPTANCE

The College will consider gifts of other assets, including but not limited to promissory notes, assignment of promissory notes, partnership interests, and restricted or non-publicly traded securities, only after a thorough review of the criteria set forth below.

- i) **Market Value and Marketability.** The College must receive a reasonably current appraisal of the fair market value of the property and interest in the property the College would receive if the proposed gift were approved. Advancement Officers will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. The appraisal and other information must indicate clearly and convincingly that there is in fact a market for the asset under consideration and that the asset can be sold within a reasonable period of time.
- ii) **Potential Environmental Risks.** All proposed gifts in which the College would acquire an interest in real property must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property, which has been used solely for residential purposes for a significant (at least twenty-year) period of time. In cases where this exception applies and no environmental audit is undertaken, the donor must have an agent complete an Environmental Checklist prepared by the Vice President for Business and Finance or his/her designee and may be required to execute an environmental indemnity agreement.
- iii) **Limitations and Encumbrances.** The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the Colleges' interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the College has been executed by a financially responsible party.
- iv) **Carrying Costs.** The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.
- v) **Title Information.** A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

### b) APPROVAL/ACCEPTANCE PROCESS

- i) The Advancement Officer will prepare a written summary of the gift proposal and submit that summary to the Vice President for College Advancement and the Vice President for Business and Finance. At a minimum, the summary shall include the following information:
  - (1) Description of the asset;
  - (2) The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), programs(s), or endowment(s) to benefit from the gift;
  - (3) An estimate or appraisal of the asset's fair market value and marketability;

- (4) Potential for income and expenses, encumbrances, and carry costs prior to disposition;
  - (5) Any environmental risks or problems revealed by audit or survey;
  - (6) Credit history or financial statement of financially responsible party, if applicable;
  - (7) Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, realtors or brokers with whom the donor would like the College to list the property, etc.).
- ii) The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer, consult with other College officials and the donor as appropriate, and make a determination as to whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.
  - iii) If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of an asset in Category 4, the assigned Advancement Officer will acknowledge receipt of the gift on behalf of the College. The College will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of assets valued in excess of \$1,500.
  - iv) The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance, and the delivery of the property, as applicable. The costs associated with the conveyance will be paid by the donor upon delivery of the gift. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of assets valued at more than \$1,500. The donor should send this form to the Office of College Advancement for execution.
- c) DISPOSITION
- i) It is the responsibility of the Vice President for Business and Finance or his/her designee to dispose of all gifts of assets in this Category 4. If the asset involves an interest in real estate, it is generally expected that the Vice President for Business and Finance or his/her designee will assist in disposing of the asset. If the asset is a security, it is generally expected that the Vice President for Business and Finance or his/her designee will follow policies for disposing the asset. Any guidelines the Vice President for Business and Finance or his/her designee wish to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the Vice President for College Advancement at this time.
  - ii) Upon acceptance of a gift, the Vice President for Business and Finance or his/her designee will designate a code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, the Vice President for Business and Finance or his/her designee will determine how the gift will be disposed.
  - iii) Until the property is sold or otherwise disposed of, the Vice President for Business and Finance or his/her designee will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.

- iv) Upon sale of the property, the Vice President for Business and Finance or his/her designee will prepare a final report on the property, including a financial summary of net proceeds, and distribute it to the Vice President for College Advancement and the designated representative of the department to benefit from the gift.
- v) The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for assets valued at more than \$5,000 sold by the College within two years of the date of gift.

**Exceptions**

The Vice President for College Advancement must approve exceptions to this policy in writing.

**Effective Date**

This policy became effective upon approval of the St. Norbert College Board of Trustees on October 15, 2004.