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Approved:	
Date:	

Lord Fairfax Community College Educational Foundation Inc. – Gift Acceptance Policy

1.0 Purpose

The purpose of this policy is to ensure that the types of gifts Lord Fairfax Community College (LFCC) Educational Foundation Inc. accepts are in support of the purpose and mission of the College. This policy describes the factors that should be considered prior to the acceptance of a gift. This policy includes all gift types with the exception of gift-in-kinds, which are covered in a separate policy.

All donations to LFCC and/or the LFCC Educational Foundation Inc. should be directed to the vice president of college advancement.

2.0 Revision History

This policy was approved in May 2009.

3.0 Applicability

This policy applies to all donations to LFCC and/or the LFCC Educational Foundation.

4.0 Policy

Current and deferred gifts are important to the Foundation. Gifts other than cash may involve factors that require careful consideration on the part of the donor and the Foundation.

The Foundation reserves the right not to accept gifts:

- from which it will realize little or no financial gain
- that are contrary to law
- that are contrary to LFCC, Foundation or Virginia Community College System (VCCS) policies
- that are offered for purposes that are inconsistent with the values and/or mission of Lord Fairfax Community College.

The vice president of college advancement shall be responsible for assessing the appropriateness of a particular gift and, if required to do so by this policy, recommending it to the Foundation Executive Committee for acceptance. Unless otherwise specified herein, the Foundation Executive Committee of the Foundation shall have full authority to act on behalf of the Foundation Board regarding the acceptance of gifts.

A gift will be considered to be unrestricted unless the donor specifies how the gift is to be used. Donor-imposed conditions and restrictions are important and must be considered by the Foundation when deciding whether to accept a gift. In cases where the donor is unwilling to provide written documentation or when there is ambiguity about how a gift is to be used, the vice president of college advancement should write to the donor to confirm his/her intentions. The donor should be informed that his/her failure to respond to the vice president of college advancement's letter by a certain date will signify agreement with its content.

When dealing with a prospective donor, the Foundation's goal is to devise an arrangement that benefits both parties. In their interactions with donors, their advisors and other interested parties, Foundation personnel will conduct themselves ethically, avoid all potential conflicts of interest and operate in a manner consistent with the ethical standards and guidelines of the Association of Fundraising Professionals and consistent with the Foundation's status as a 501(c)(3) organization as defined by the Internal Revenue Service (IRS).

The following procedures describe the types of gifts the Foundation is prepared to accept, with an explanation of factors that should be considered prior to acceptance.

5.0 Definitions

- Out-of-pocket expenses are defined as payments made by a donor to a vendor for material or services. This includes expenses that are not reimbursed and that are paid by a person while volunteering. For example, the expenses incurred by a donor sponsoring a dinner party to promote LFCC comprise such a gift. These gifts must be documented with written and official receipts.
- Services include professional or personal services or time, which are freely given and which easily can be valued by their usual market cost. Gifts of services may be recognized by the organization but are generally not recognized by the IRS as being tax deductible. Examples of gifts of services are the donation of broadcast time by a radio station or legal services by an attorney.
- Limited use of private property is the right to rent-free use of a home, office, piece of equipment or commercial property owned by a donor for a specific event for a specified period of time. Such gifts are only occasionally

recognized by the Foundation but are generally not recognized by the IRS as being tax deductible. Examples include the rent-free use of office space or the rent-free use of a vacation home to host an event.

6.0 Responsibilities

All employees and volunteers are expected to fully comply with this policy.

7.0 Procedures

Foundation Executive Committee Approval Not Required

- Cash. Dollar-denominated gifts by cash or check shall be accepted. Donors should be instructed to make their checks payable only to the Foundation.
- Publicly-Traded (Marketable) Securities. Securities which are publicly traded on any stock exchange will be accepted by the Foundation. It is the Foundation's policy to sell gifts of marketable securities as soon as practicable following their transfer. Exceptions to this policy can be made by the Foundation Executive Committee.
- Vehicles and Equipment to be Used in LFCC Programs. Vehicles and equipment to be used by LFCC employees to enhance programs, services or course work may be accepted without Foundation Executive Committee approval.

Foundation Executive Committee Approval Required

- Ownership Interests in Closely-Held Companies. Care must be taken in accepting ownership interests in closely-held corporations, S-corporations, Limited Partnerships and LLCs, because such interests are difficult to market. As with publicly-traded securities, the Foundation's policy is to sell these ownership interests as soon as practicable. If the value of a proposed gift of an ownership interest in a closely-held entity is less than \$5,000, the donor should be encouraged to sell the interest and donate the proceeds to the Foundation.

The Foundation will not accept gifts of general partnership or LLC interests due to the potential liability such ownership interests may entail.

- Real Estate. The Foundation is prepared to accept gifts of full or partial interests in the following types of real property: single-family and multi-family residences, vacation property, condominiums, apartment buildings, commercial property, farms and unimproved land. Donated properties should be free of encumbrances that might negatively impact the property's marketability. Donated real estate should also be free of debt, as acceptance

of an encumbered property may give rise to “unrelated business income” as defined by the IRS. Donors must demonstrate their ability to deliver a clear title to the property at the time of the gift. Unless otherwise approved by the Foundation Executive Committee, all costs associated with gifts of real property shall be borne by the donor. Prior to consummating the gift, the Foundation and the donor must agree, in writing, on arrangements for paying expenses associated with the property, including taxes and assessments, insurance coverage and maintenance costs during such time that title is vested in the Foundation.

In a situation where the condition of the real property to be donated is such that substantial expenditures are required for renovations or other forms of remediation in order to render it marketable, acceptance of the gift should generally be avoided until the necessary work has been completed and paid for by the donor.

As with securities, it is the policy of the Foundation to sell donated real property as soon as practicable, and donors should be so advised. An exception may be made for properties donated for the purpose of being integrated into LFCC’s operations (for example, land adjacent to the College to be used for expanding the campus). Per IRS regulations, no agreement to sell a property to a pre-designated purchaser may be made prior to receipt of the gift.

- Residential Properties. Residential real estate may be accepted at the discretion of the Foundation Executive Committee. In general, residential real estate should have a value of at least \$10,000 and be readily marketable. If the value of a proposed gift of real estate or an interest therein is worth less than \$10,000, the donor should be encouraged to sell the property or ownership interest and donate the proceeds to the Foundation.
- Residential real estate on which a life estate is retained by the donor may be accepted at the discretion of the Foundation Executive Committee. Acceptance is subject to a satisfactory investigation of the value of the gift to the Foundation and an agreement as to the responsibility for the payment of real estate taxes, casualty insurance premiums and repairs and improvements which may be incurred over the course of the tenancy of the donor.

Although the incidence of environmental problems associated with residential properties is less than that associated with commercial or industrial properties, the problem does exist. Therefore, the vice president of college advancement or other designee of the Foundation Executive Committee shall in all cases make and document in writing his/her visual inspection of any real property, including residential, proposed to be donated to the Foundation. This visual inspection (which shall include the surrounding area) as well as an examination of the

property's title will be used to determine the likelihood that an environmental problem may exist. When, in the discretion of the Foundation Executive Committee, it is determined that the risk of an environmental problem is unacceptable, a Phase I Environmental Audit of the property will be required, normally at the donor's expense.

Real property that is encumbered will be considered for acceptance only when the evaluation of the situation convincingly demonstrates that (1) the property can be sold at a price that substantially exceeds the aggregate amount of the encumbrance(s) and any costs associated with holding and selling the property, and (2) the LFCC Educational Foundation receives an opinion of legal counsel that the ownership of such property and/or the payment on any underlying mortgage will not give rise to unrelated business income for the Foundation.

The vice president of college advancement shall be responsible for presenting to the Foundation Executive Committee the following documents and information which the Foundation Executive Committee will consider in deciding whether to accept a gift of non-commercial property:

- Purpose of the gift and any restrictions on its use
- Proposed gift vehicle – outright gift, planned gift, etc.
- Results of visual inspection of the property (also, if specifically required by the Foundation Executive Committee, a Phase I Environmental Audit)
- Analysis of the marketability of the property, including an estimate of carrying costs (maintenance, insurance, taxes, assessments, etc.) and anticipated marketing costs
- Copies of leases, if any
- Qualified independent appraisal of the property
- Building inspection report
- Preliminary title report reflecting that title is vested in the donor as represented, and is subject to no claims, liabilities, or major defects of title
- Commitment for title insurance
- Survey of the property showing all improvements
- A plan for the sale of the property

Commercial Real Estate. Commercial real estate may be accepted at the discretion of the Foundation Executive Committee, provided that such real estate shall not be accepted to fund a charitable gift annuity. The vice president of college advancement shall be responsible for presenting to the Foundation Executive Committee the documents listed above together with a Phase I Environmental Audit – all of which the Committee will consider in deciding whether to accept a gift of commercial property.

Tangible Personal Property. Jewelry, artwork collections and other tangible personal property may be accepted. The tangible personal property shall have evidence to substantiate the value of the property. Unless the property is to be used in connection with the Foundation's tax-exempt purpose or, in the case of

vehicles or equipment, by the College in furtherance of its mission, the donated property will be sold as soon as practicable after conveyance, and the donor will be so advised.

The Foundation Executive Committee may, in its discretion, cause an appraisal to be made of any gift of tangible personal property, even in situations where a donor has already furnished an appraisal.

In no event shall the LFCC Educational Foundation obligate itself to retain ownership of tangible personal property in perpetuity. Only the vice president of college advancement on recommendation of the Foundation Executive Committee may represent to a donor that property will or will not be held by the LFCC Educational Foundation for a specific period of time.

- Planned (Deferred) Gifts

- Bequests. Testamentary gifts shall be encouraged by the Foundation. Dialogue between representatives and prospective testamentary donors shall be encouraged in order to discern the intentions of a donor and any legal, tax, or policy considerations which might ultimately lead to misunderstandings between the Foundation and the donor or the donor's family members. Advice offered by Foundation representatives to testators/prospects must include the recommendation that they consult with their attorney(s) and/or tax advisor(s).

Any gifts made to the Foundation by testamentary provisions may be disclaimed only by action of the Foundation Board upon the recommendation of the Foundation Executive Committee. Any such disclaimer shall be communicated to the donor's personal representative accompanied by the Board's reasons for declining to accept the gift.

- Retirement Assets. Account type retirements plans, in which a balance accumulates as principal, may be accepted as gifts. These include individual retirement accounts (IRAs), 401(k) accounts, 403(b) accounts, and defined contribution plans. Annuity plans, in which principal does not accumulate, generally cannot be used for charitable gifts.
- Life Insurance. In order to accept a life insurance policy as a gift, the Foundation must be designated the irrevocable owner and beneficiary of the policy and must retain the original policy in its offices. Paid-up policies in any amount may be accepted by the Foundation. Premium-due policies must be whole life or universal life and have a face value of at least \$10,000. The donor should state the purpose or designation of the gift at the time the policy is donated.

Contributions for premium-due policies must be made by direct payment to the Foundation at least 10 days prior to the premium date. The Foundation will not assume responsibility for delinquent premium payments. The Foundation will cash in a policy as soon as practicable if a premium remains past-due for 30 days. When a policy is canceled, the cash value will be added to the LFCC General Support Fund in the donor's name to be used as directed by the Foundation Board.

Advice and Counsel to Donors

Prospective donors shall be advised to consult with their respective attorneys and/or other financial advisors before entering into a trust agreement, contract, bequest or other gift arrangement. Because of the potential for a conflict of interest, prospective donors should be advised that it is Foundation policy not to pay for that donor's legal or other professional expenses or for any required property appraisal.

In situations where a donor refuses to cover certain professional fees associated with a gift and it is likely that the gift may fail as a result, the vice president of college advancement should do his/her best to negotiate the fees to the lowest level possible. The vice president of college advancement will advise the donor in writing that the payment of these fees/expenses by the Foundation constitutes a "quid pro quo" arrangement and that the IRS will expect that the amount of the charitable deduction taken by the donor for the gift to be reduced by the amount paid by the Foundation in conjunction with the gift.

Acknowledgement of Gifts

The Foundation will promptly acknowledge all accepted gifts in writing in accordance with applicable IRS regulations.

In the event that a problem occurs with the contribution (an extraordinary decrease in stock value, for example), the person who secured the contribution will contact the donor. Someone other than the person who secured the contribution may contact the donor in the event that the person is asked to follow up but fails to do so.

If the value of a gift, such as stock, decreases from the time the paperwork is received and the time that the gift is received, the Foundation will:

- Include the original and actual amounts of the stock contribution in the acknowledgement letter to the donor (\$35,000 and \$24,000, for example).
- Record the original amount of the stock contribution in Financial Edge
- Record a loss on sale of stock in Financial Edge (\$11,000, for example)
- Reflect the original and the actual amount of the contribution in the fund report that is sent to the donor each year and note the loss in the stock value and other gains and losses

Spousal Consent

In light of the rights granted to a surviving spouse to inherit from a deceased spouse, as set out in Title 64.1 of the Virginia Code, as amended, et seq., the Foundation shall make major donors aware of this provision and advise them to consult with their attorneys.

Periodic Review

The Finance Committee of the Foundation shall be responsible for reviewing this policy when external changes to laws or regulations or internal changes at LFCC or the Foundation make it advisable to do so. The foregoing notwithstanding, this policy shall be reviewed no less frequently than every two years. Following its review of this policy, the Finance Committee shall present its recommendations to the Foundation Executive Committee, which shall then review and recommend the revised and updated policy to the Foundation Board for its approval.

8.0 Sanctions

Employees who fail to comply with the terms of this policy will be subject to disciplinary action.

9.0 Interpretation

Authority for interpretation of this policy rests with the vice president of college advancement and College president.

10.0 Authority/Reference

This policy was based, in part, on the "Acceptance of Gifts, Grants, and Contracts" policy from Virginia Community College System.

Per the governance policy, Foundation policies are not part of the governance process for policy formation.

President