
BOROUGH OF MANHATTAN COMMUNITY COLLEGE FOUNDATION GIFT POLICIES AND GUIDELINES

INTRODUCTION

This Gift Policies and Guidelines Statement created by the Borough of Manhattan Community College Foundation, Inc. ("BMCCF") is presented to give guidance and counsel to those individuals conducting fundraising activities on behalf of BMCCF within the Borough of Manhattan Community College ("BMCC") community and concerned with the planning, promotion, solicitation, receipt, acceptance, application, and disposition of philanthropic gifts. These guidelines are intended to be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations as long as those situations and expectations are consistent with BMCCF requirements, BMCC's mission and CUNY policy. Therefore these policies and guidelines require that the appropriate officers consider the merits of a particular gift along with involved members of the BMCC community, including legal counsel and the BMCC Foundation, which receives, holds, administers and disposes of gifts or grants on behalf of BMCC.

The role of the BMCCF is to support BMCC, primarily by raising money and stewarding philanthropy. The Board of Directors of the BMCCF is responsible for approving gift policies for gifts that go to the Foundation. Development professionals at BMCC are responsible for implementing these policies, including the solicitation and/or approving the solicitation of all gifts.

THE MISSION OF THE BMCC FOUNDATION

The mission of the BMCCF is to acquire and steward financial resources needed to support student scholarships and other college initiatives by developing and strengthening relationships with business, foundations, government, alumni, community organizations, and others.

- Goals and Objectives

- I. To procure and expand external resources for scholarships and other programs which advance the interests of the college and its students.
- II. To develop and strengthen relationships that increase awareness of the college, its programs and students at the highest levels of the business and civic community.

PURPOSE OF THESE GUIDELINES

On behalf of the BMCCF, the BMCC solicits current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the college. These policies and guidelines govern the acceptance of gifts by BMCC on behalf of BMCCF and provide guidance to prospective donors and their advisors when making gifts to the college through its supporting foundation. The provisions of these policies shall apply to all gifts received by BMCC on behalf of the BMCCF.

It is the intention of the BMCCF to have all forms of deferred giving conform with CUNY practices and policy.

REFERRAL TO LEGAL COUNSEL

BMCCF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. Documents naming BMCC or BMCCF as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring BMCCF or BMCC to assume an obligation
- d. Transactions with potential conflict of interest that may invoke IRS sanctions

BMCC development officers will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. In accepting gifts on behalf of BMCCF, BMCC will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

GENERAL GIVING POLICIES AND GUIDELINES

BMCCF will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with the College's stated mission, purposes, and priorities. BMCCF will not accept gifts that are too restrictive in purpose, gifts that are too restrictive are those that violate the spirit of the mission, or gifts that are too difficult or expensive to administer. All decisions on the restrictive nature of a gift where such issues arise, and its acceptance or refusal, shall be referred by the President or College BMCC BUSINESS MANAGER to the Foundation Board of Directors for its report and recommendation.

- The Development Office in coordination with the BMCC BUSINESS MANAGER, on behalf of the BMCCF Board of Directors, shall accept all philanthropy to BMCC.

- The Development Office shall determine that gifts and grants are evidence of philanthropic intent and that the donor's philanthropy is in accord with the stated mission and goals of BMCC.
- The BMCCF Board of Directors shall assure itself that all philanthropic promotions and solicitations are ethical.
- BMCCF will pay no fees to any person in consideration of directing a gift or completing of a gift instrument to BMCC.
- BMCC development officers, on behalf of BMCCF, must be sensitive to the interests and capabilities of its donors and donor prospects and must not burden them with excessive or inappropriate solicitations. On the other hand, with the increasing competition in philanthropy, it is essential to make every contact with prospective donors meaningful and appropriate.
- It is a policy for BMCCF to acknowledge gifts with a letter of appreciation and IRS tax receipt within four weeks of receipt of the gift. BMCCF relies on the development office at BMCC to make this happen.
- Where reports are due on the expenditure of restricted gifts or grants, it is a policy of BMCCF to execute these reports on an annual basis guided by the anniversary of the gift date, unless a different reporting schedule or anniversary is directed or desired by the donor. BMCCF relies on the development office at BMCC to make this happen.

SPECIFIC METHODS OF GIVING

Gifts of cash or liquid securities are the preferred methods of giving. Other forms of giving, such as planned gifts, are acceptable and may offer qualified donors an attractive alternative, enabling them to significantly increase the level of their gifts, while taking advantage of some meaningful commemorative or named gift opportunities. Donors should consult their tax advisors concerning the treatment of these specialized gift techniques in their individual circumstances.

GIFTS OF CASH. An outright gift of cash by a donor, which are gifts for which the donor receives an income tax deduction as prescribed by current law. Pledging a gift over a three- to five-year period may allow a donor to make a more substantial gift while affording him/her the opportunity to adjust the timing and amount of each payment to achieve the most beneficial tax treatment.

GIFTS OF APPRECIATED PUBLICLY TRADED SECURITIES. A gift of stocks or bonds which are (or will be) readily marketable. Marketable publicly-traded securities will be

received at the average of the high and low market value on the date the donor relinquishes control of the assets in favor of BMCCF or other valuation techniques approved by the Internal Revenue Service (IRS).

GIFTS OF CLOSELY HELD STOCK. A gift of stock of a private or family-held corporation. The donor may avoid capital gains on appreciation of closely held stock, while attaining a tax deduction based on the stock's fair market value. Gifts of closely held stock exceeding \$10,000 will be receipted at the fair market value placed on them by a qualified independent appraiser as required by the IRS for valuing stock that are not publicly traded. Gifts of less than \$10,000 may be valued at the per share cash purchase price of the most recent transaction. Normally, this will be the buy-back transaction of the donor. If no buy-back is consummated a gift of closely held stock may be credited at the value determined by a qualified independent appraiser. All such gifts of closely held stock will be held until liquidated, at which time the funds will be used consistent with the gift intentions of the donor(s) and the established policies of BMCCF.

Such securities will be conveyed to BMCC's Development Office and then immediately to the BMCC Business Manager for sale on behalf of the BMCCF, consistent with the established practices of BMCCF.

BEQUEST / LIVING TRUST. A gift of cash, securities, or real property, made upon the donor's death, through provisions in his or her will or living trust. The amount of the gift is exempt from estate taxes. Such bequests will be credited, recognized, or commemorated at the value established at the time of probate and/or at the fair market value on the date of the transfer of the asset(s). New bequest expectancies will be credited at the level indicated by the donor if the donor is or will be age 70 or greater and has signed an official binding contract to make a will or living trust with BMCCF. Bequest expectancies from donors younger than age 70 will be credited on a case by case basis.

Bequest intentions, commitments of unpaid insurance policies, and other revocable deferred gifts will be recorded as future expectancies of BMCCF at the value established in writing by the donor through a bequest intention form, a deferred pledge agreement, a contract to make a will, a letter of intent, or a copy of appropriate sections of the will or the insurance or trust document, etc.

- Such revocable gift commitments will be permanently commemorated, subject to the donor's specific request and intent, only when the funds are irrevocably committed to BMCCF or when the gift matures.
- Bequest intentions for which the donor does not indicate a specific gift value and/or does not provide an estimate of a residuary bequest will not be credited.

CHARITABLE REMAINDER TRUST. Relying on the resource and expertise of the central fundraising office of CUNY, it is possible to explore deferred giving vehicles with donor prospects. BMCC development officers should refer to these gift planning professionals and be guided by these definitions and general policies. An irrevocable transfer of assets to a trust, naming the BMCCF as the only ultimate beneficiary or as one of several qualified charitable beneficiaries. The donor receives annually a life income of a set amount or a fixed percentage, based on the wishes of the donor and the trust's value each year. A donor generally receives an immediate tax deduction and may add to the principal of a Charitable Remainder Unitrust in future years. If the donated assets consist of appreciated securities, capital gains taxes also may be avoided. Gifts made to establish charitable remainder trusts (whether administered inside or outside BMCCF) where the remainder is not subject to change or revocation should be credited as future commitments (deferred gifts) at both the discounted present value of the remainder interest allowable as a deduction by the IRS and at face (fair market) value.

Because of the expense of administration, proposed charitable remainder trusts should be funded initially with assets of at least \$50,000. Trusts may be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift to BMCCF.

Trusts should be limited to one or two income beneficiaries and to beneficiaries over 40 years of age (unless some generous outright gift is combined with the trust, in which case trusts can include younger beneficiaries).

CHARITABLE GIFT ANNUITY. An irrevocable gift in exchange for a guaranteed fixed income for life, which is calculated to take account of both the size of the gift and the donor's age at the time of the gift. Upon the donor's death, the assets of the trust are passed on to BMCCF. A current charitable deduction is available based on the IRS annuity tables. Here too, if the donated assets consist of appreciated securities, capital gains taxes may be avoided. Because BMCCF will not receive the gift portion until the death of the final income beneficiary, gift annuities will be credited as future commitments (deferred gifts) at the face amount (fair market value).

The interest rate used in preparing life income agreements will be as follows:

- For charitable gift annuities, no higher than the rate recommended by the National Committee on Gift Annuities.
- For unitrusts and annuity trusts, a rate of at least five percent (5%). The Board of Directors may approve higher rates based on the ages of the donor and any beneficiaries; and income needs vs. tax relief.

CHARITABLE LEAD TRUST. An income producing asset placed in a trust, the income of which is contributed to BMCCF for a designated period of time, after which the trusted asset is returned to the donor or non-charitable beneficiaries named by the donor. The donor may gain immediate tax advantages or may reduce gift or estate taxes when the assets are passed to children or grandchildren.

Gift annuities, irrevocable charitable remainder trusts, and similar life income agreement commitments (whether administered by BMCCF or by others on behalf of BMCCF) will be credited, recognized and/or commemorated as follows:

- At the fair market value of the asset (on the date of transfer, less encumbrances) being used to fund the life income agreement in the case of charitable remainder unitrusts, annuity trusts, and charitable gift annuities for donors age 70 and greater, and at the charitable remainder value for donors younger than age 70, or
- In the case of charitable lead trusts, at the total anticipated payout over the pledge payment period plus the present value of any remaining income interest.

For purposes of current income tax deductions such gifts will be receipted at the charitable deduction value as established by law.

Generally speaking, BMCCF does not encourage donors to place encumbered assets into a trust or any deferred gift vehicle.

When a trust is to be funded with hard-to-value or non-income-producing property, a net income unitrust will generally be used. Such a trust obligates the trustee to pay only the lower of a specified percent of fair market value or actual income. When such a net income unitrust is used, the CEO of BMCC and the donor should sign a separate letter of agreement indicating that the donor understands the income concept of the net income trust. A "catch-up" provision as allowed by a unitrust may also be acceptable. As always when dealing with complicated deferred gifts structures, the advice and support of the central CUNY office should be sought.

GIFTS OF REAL ESTATE.

Gifts of real estate are complicated and can result in significant financial liabilities and legal encumbrances. It is important to evaluate potential liabilities and to ascertain true philanthropic motives behind any proposed gift of real estate. It is therefore a strict policy that BMCC development officers working to raise funds on behalf of BMCCF will make no representation about the acceptance of gift of real estate gift without the approval of the College President and without meaningful advance reporting to the BMCCF.

GIFTS OF TANGIBLE PROPERTY AND GIFTS-IN-KIND. In-kind gifts and tangible property may include many types of new and used equipment, art works, antiques, as well as donated services, etc. Donors should be referred to governing IRS rules.

The following are general guidelines or considerations in connection with gifts of tangible personal property:

- Generally, BMCCF's acceptance of such gifts cannot involve significant additional expense for their present or future use, insurance, maintenance, or administration.
- Generally, BMCCF cannot incur burdensome financial or other obligations, directly or indirectly.
- BMCCF will not accept gifts of tangible personal property, such as books, paintings, etc., if such gifts are to be made on the condition, understanding, or expectation that the gifted items will be loaned to the donor or to persons designated by the donor for life or for an extended period of time as determined by the donor.
- In-kind gifts will be valued based on their market value. If there is no market value associated with a gift then the gift will be valued based on the value provided by an independent qualified appraiser, or, if there is no appraised value, based on the amount realized from the sale of the item.
- Contributed objects of art will be recognized as assets and as revenues. They will be capitalized at fair market value and be reflected in the statement of financial position as Works of Art. Consistent with the policies of other non-profit organizations, the works of art will not be depreciated. These works of art will be held for public exhibition, education or research. They are protected by DASNY property insurance policy. Proceeds of the items that may eventually be sold can be used by the Foundation at the discretion of the Board.

GIFTS OF LIFE INSURANCE. Designation of BMCCF as the owner and beneficiary of a policy. Gifts of life insurance will be accepted only if BMCCF is the owner and irrevocable beneficiary of the policy. Generally, BMCCF does not accept policies that have been borrowed against or invaded by the insurance company for premium payments.

CORPORATE MATCHING GIFTS. Will be encouraged and credited to the donor in the proportion designated by the matching gift arrangement. Donors should supply the necessary forms to BMCC development officers, along with their commitment or pledge forms and contributions in each given year.

NAMED GIFTS POLICY, INCLUDING MEMORIAL GIFTS

- BMCC welcomes the opportunity to recognize gifts to BMCCF intended to memorialize or honor both deceased and living individuals. All named gifts may be subject to approval of the Board of Directors of the City University of New York.
- Memorial gifts are especially welcome for scholarship purposes. Endowed scholarships, which exist in perpetuity, may be named after a deceased or living individual. For individual or cumulative gifts amounting to no less than \$10,000, donors may place restrictions on such scholarship gifts provided that they are consistent with the BMCC's mission and needs.
- Scholarship gifts that are not directed to permanent endowment and therefore fully expendable, are welcome and may bear the name of an honoree for so long a time as funds remain available.
- Gifts for campus beautification, such as trees or landscaping, are also welcome. BMCC reserves the right of restricting or selecting sites for plantings depending on BMCC need and policy.
- Memorial gifts involving outside enhancements, such as permanent benches, plazas, etc., or accessories to existing facilities, such as extension of a lobby, paintings, windows, etc., require the approval of the President. Such gifts will be recognized on the general donor plaque within the related facility.
- Memorializing or honoring a member of the BMCC Community requires the approval of the BMCC President.

ENDOWMENT

This section pertains to gifts designated as endowment by the donor. Most endowment funds are perpetual. It is a special reserve of money and/or assets with some form of stipulation or restriction on the use of the earnings generated by the endowed fund. Policies for the investment and spending of endowed gifts are set out by the Finance Committee of the BMCCF.

From BMCCF's point of view, the terms of the endowment should be written to allow the most flexibility. However, the donor must be comfortable and satisfied with the terms of the agreement. Both parties must understand exactly what is expected from the donor and BMCCF.

All new endowments will be invested in instruments conducive to the appreciation of capital and guided by BMCCF investment policy guidelines. Endowment by nature begs for a long term approach so the endowed fund will not only fulfill its purpose of generating annual income to be used for its stated purpose, but will also go beyond

that level so as to produce earnings that can be added back into the principal (the corpus) to promote growth in principal and provide a hedge against inflation.

No endowment will be separately invested without the approval BMCCF Board, and the President. The Finance Committee of the BMCCF will set the spending policy (pay out rate) of all endowed funds on an annual basis. If circumstances warrant more frequent review of this pay out rate, the Committee will meet as frequently as needed to decide if any changes should be made.

After the date of this policy endowment funds can only be established in amounts of \$10,000 or greater

For gifts establishing endowed chairs, endowed professorships, distinguished lectureships, visiting professors, visiting scholars, artists in residence, lectureships, etc., there will be a gift amount approved by the BMCCF Board, in consultation with the college.

CONFLICT OF INTEREST

As set out separately in the BMCCF Conflicts of Interest and Code of Conduct memorandum, Trustees will assure that they are circumspect in all dealings with donors and donor prospects in order to avoid, even the appearance of, any act of self-dealing.