



GIFT SOLICITATION AND ACCEPTANCE POLICY

Approved by the CCF Board on May 14, 2009

CERRITOS COLLEGE FOUNDATION

CERRITOS COLLEGE FOUNDATION (CCF)

GIFT ACCEPTANCE POLICY AND GUIDELINES

The Cerritos College Foundation, a not for profit organization organized under the laws of the State of California, encourages the solicitation and acceptance of gifts to the Cerritos College Foundation (hereinafter referred to as the Foundation) for purposes that will help the Foundation to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Foundation or for the benefit of any of its programs.

The mission of the Foundation is to serve as a link between the College, the private sector and community organizations to create public awareness of the needs of the College; to promote the College to business and industry within Southeastern Los Angeles Country; and to raise funds for scholarships, quality facilities and programs.

I. Purpose of Policies and Guidelines

The board of directors of Foundation and its staff solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of the Foundation. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of its programs or services.

II. Use of Legal Counsel

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

1. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
2. Documents naming the Foundation as Trustee.
3. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation. Approved by the Foundation Board May 14, 2009 2
4. Transactions with potential conflict of interest that may invoke IRS sanctions.

5. Other instances in which use of counsel is deemed appropriate.

III. Conflict of Interest

The Foundation 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.

IV. Restrictions on Gifts

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation.

V. Types of Gifts

The following gifts are acceptable:

- ✚ Cash
- ✚ Tangible Personal Property
- ✚ Securities
- ✚ Real Estate
- ✚ Remainder Interests in Property
- ✚ Oil, Gas, and Mineral Interests
- ✚ Bargain Sales
- ✚ Life Insurance
- ✚ Charitable Gift Annuities
- ✚ Charitable Remainder Trusts
- ✚ Charitable Lead Trusts
- ✚ Retirement Plan Beneficiary Designations
- ✚ Bequests
- ✚ Life Insurance Beneficiary Designations
- ✚ Approved by the Foundation Board May 14, 2009 3

The following criteria govern the acceptance of each gift form:

1. **Cash.** Cash is acceptable in any form. Checks shall be made payable to the Foundation and shall be delivered to the Foundation Treasurer in the Foundation's administrative offices.
2. **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - ✚ Does the property fulfill the mission of the Foundation?
 - ✚ Is the property marketable?
 - ✚ Are there any undue restrictions on the use, display, or sale of the property?
 - ✚ Are there any carrying costs for the property?
3. **Securities.** The Foundation can accept both publicly traded securities and closely held securities.
 - ✚ **Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment committee.
 - ✚ **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted. Gifts must be reviewed prior to acceptance to determine that:
 - There are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
 - The security is marketable; and
 - The security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. Consultation with legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. **Real Estate.** Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. When appropriate, a title binder shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.
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Criteria for acceptance of the property shall include:

- ✚ Is the property useful for the purposes of the Foundation?
 - ✚ Is the property marketable?
 - ✚ Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - ✚ Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - ✚ Are there environmental issues with the property that would require an environmental review?
6. **Remainder Interests in Property.** The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.
 7. **Oil, Gas, and Mineral Interests.** The Foundation may accept oil and gas property interests, when appropriate. Criteria for acceptance of the property shall include:
 - ✚ Gifts of surface rights should have a value of \$20,000 or greater.
 - ✚ Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
 - ✚ The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate
 - ✚ A working interest is rarely accepted. A working interest may only be accepted where when there is a plan to minimize potential liability and tax consequences.

- ✚ ☉ The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.
8. **Bargain Sales.** The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. Factors used in determining the appropriateness of the transaction include:
- ✚ The Foundation must obtain an independent appraisal substantiating the value of the property.
 - ✚ If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
 - ✚ The Foundation must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt.
 - ✚ The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
9. **Life Insurance.** The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:
- ✚ continue to pay the premiums;
 - ✚ convert the policy to paid up insurance; or
 - ✚ surrender the policy for its current cash value.
10. **Charitable Gift Annuities.** The Foundation may offer charitable gift annuities. The minimum gift for funding is \$10,000. Guidelines for Charitable Gift Annuities will be those as outlined by the Community College League of California's Charitable Gift Annuity Program.
11. **Charitable Remainder Trusts.** The Foundation may accept designation as remainder beneficiary of a charitable remainder trust. The Foundation will not accept appointment as trustee of a charitable remainder trust.
12. **Charitable Lead Trusts.** The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation will not accept an appointment as Trustee of a charitable lead trust.

13. **Retirement Plan Beneficiary Designations.** Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
14. **Bequests.** Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
15. **Life Insurance Beneficiary Designations.** Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

VI. Miscellaneous Provisions

Securing appraisals and legal fees for gifts to the Foundation. It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.

Valuation of gifts for development purposes. The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings upon sale of gift items. The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. Form 8282 with Filing Instructions is attached as an appendix to these policies.

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Foundation.