



GIFT ACCEPTANCE POLICY

INTRODUCTION

The University of Vermont and State Agricultural College Foundation, Inc. (the “Foundation”) was incorporated as a Vermont nonprofit corporation on March 14, 2011. The Foundation is exempted from Federal Income Tax liability by Internal Revenue Code Section 501(c)(3) and qualifies as a Public Charity under Internal Revenue Code Sections 509(a)(1) and 170(b)(1)(A)(vi). The Foundation exists to secure and manage private gifts for the benefit of The University of Vermont and State Agricultural College (the “University” or “UVM”). The Foundation has been recognized by the University as the primary and preferred recipient for charitable gifts to or for the benefit of the University.

This policy (the “Policy”) is designed to assure that all gifts to, or for the use of, the Foundation are structured to benefit the Foundation (for the ultimate benefit of the University) while ensuring fidelity to donor intent. Because some gift situations may be complex, or more costly than beneficial, or restricted in a manner not keeping with the Foundation’s goal of benefiting the University, this policy has been developed to outline the procedures for assessing and accepting gifts to the Foundation for the University’s benefit. These policies have been reviewed and approved by the Foundation’s Finance and Investment Committee.

The guidance in this Policy concerning the reporting of gifts for tax purposes is based on the law at the time this Policy is adopted. Dollar thresholds (e.g., \$5,000 threshold applicable to non-cash gifts, etc.), reporting requirements to the Internal Revenue Service, and other matters relating to the tax treatment of charitable contributions may be affected by subsequent legislative, regulatory, and judicial developments. Nothing in this Policy shall be construed to be inconsistent with applicable tax and legal requirements law in effect at the time of the gift.

GUIDING PRINCIPLES

While the procedures set forth herein are detailed and often specific to the type of gift contemplated, they shall be interpreted in light of two overriding principles:

Principle 1: The Foundation seeks to only accept those gifts that have a reasonable expectation of ultimately benefiting the University.

Principle 2: The Foundation seeks to only accept gifts that are in the interest of the donor. An assessment of the donor’s “interest” shall include the donor’s financial situation, philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The Foundation shall not encourage any gifts that are inappropriate in light of the donor’s disclosed personal or financial situation.

While this document is intended to provide guidance to Foundation personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial and estate planning goals. Therefore, donors are to be encouraged to seek the advice of independent legal and financial counsel in the gift planning process. It is within the province of neither the Foundation nor its staff to give legal, accounting, tax or other advice to donors or prospective donors.



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PROCEDURES – GENERAL

A) ADMINISTRATIVE RESPONSIBILITY FOR POLICY

Overall responsibility for assuring compliance with the requirements of this Policy is assigned to the Foundation Board of Directors. The Board of Directors may delegate certain responsibilities relating to the recommendation of acceptance of gifts to the Finance and Investment Committee, the Gift Acceptance Committee or to Foundation staff.

All gift proposals shall be initially screened by Foundation staff. In appropriate cases, as set forth more particularly below, gift proposals shall be further screened by senior management, the Foundation's legal advisors, the Gift Acceptance Committee, the Finance and Investment Committee, and/or the Board.

B) CHANGES TO POLICY

The terms and conditions of this Policy are subject to change at any time. Nothing in this Policy is intended to be construed, or shall be deemed to create, any right or remedies in any third party, including, but not limited to, any donor to the Foundation or University. If applicable, any rights and obligations with respect to a particular donor will be set forth in the gift instrument executed in connection with the gift.

C) GIFT ACCEPTANCE COMMITTEE

The role of the Gift Acceptance Committee (the "Committee" or "GAC") shall be to review the appropriateness of accepting certain gifts. The Committee may accept gifts valued at \$1 million or less. The Committee may advise the Finance and Investment Committee of gifts under consideration and/or consult the Finance and Investment Committee as it deems appropriate. The Committee will recommend accepting, or not accepting, gifts valued at more than \$1 million to the Finance and Investment Committee, which will determine final acceptance. The Finance and Investment Committee may advise the Board of Directors of gifts under consideration and/or consult the Board of Directors as it deems appropriate.

- 1) **Committee Members.** The Committee shall consist of the following voting members:
 - a) **Foundation Staff Committee Members**
 - (i) Foundation President & CEO (Committee Chair)
 - (ii) Foundation Vice President & Chief Financial Officer (or authorized substitute)
 - (iii) Foundation Vice President of Development (or authorized substitute)
 - (iv) Foundation Assistant Vice President for Development and Gift Planning (or authorized substitute)
 - b) **Non-Foundation Staff Committee Members**
 - (i) One Foundation Leadership Council member, recommended by the Foundation's Finance & Investment Committee and approved by the Foundation Board
 - (ii) One University faculty representative, selected in consultation with the University Faculty Senate and appointed by the President of the University
 - (iii) One representative of University administration, appointed by the President of University
- 2) **Committee Member Terms.** The terms of the three non-Foundation staff committee members shall be up to three years, which may be extended for one additional three-year term. A year is considered to be on a University fiscal basis. In order to provide continuity and expertise on the Committee, terms shall be staggered. If a Committee member leaves the Committee prior to the expiration of their respective term, a newly appointed member will serve a new term of up to three years, which may be extended for one additional three-year term.
- 3) **Committee Meeting.** The Committee shall meet as necessary to approve specific gifts.
- 4) **Quorum Required.** The Committee must have a quorum (at least four members) in attendance in order to vote to approve or decline gifts. Attendance may be considered to be in person, participating via conference call, or via email, if the meeting is held in an email format.



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- 5) **Majority Vote Required.** Decisions of the Committee must be made by a majority vote. If a majority decision cannot be reached, the gift will be declined or the Committee may, in its discretion, determine whether a gift will be forwarded to the Foundation's Board for review and final decision.

D) APPRAISALS

Legal and ethical requirements, designed to protect both the donor and the Foundation, prohibit the Foundation itself from appraising most gifts. Such appraisals are to be conducted by appraiser's independent from the Foundation. Generally, the cost of an appraisal will be the donor's responsibility. With the approval of the President and CEO, the Foundation may pay the cost of an outside appraisal.

The policy of the UVM Foundation is for donors to provide their own appraisals. The Foundation reserves the right to conduct appraisals for internal accounting or other purposes.

E) EVALUATION OF COSTS ASSOCIATED WITH ACCEPTANCE OF CERTAIN GIFTS

Proposed gifts of non-cash property and restricted gifts must be evaluated by Foundation staff to determine whether the restrictions and costs to the Foundation associated with receiving the gift can be prudently accommodated by the Foundation. For example, accepting real property may require payment of closing costs, payoff of debt secured by the property, and physical changes to the property necessary to control environmental hazards. Non-cash property and restricted gifts shall only be accepted in accordance with this Policy.

F) GIFT ACKNOWLEDGEMENT

Beginning in calendar year 2013, the Foundation will send calendar year-end charitable gift statements to all donors in the month of January (January 2014). These statements will list individual and cumulative gift values and the date of each gift in the previous calendar year. The statement will also indicate the Foundation's 501(c)(3) IRS status. It is the responsibility of donor(s) to accurately and properly document their charitable gifts on their individual IRS tax returns and consult their legal, financial and tax advisors, when necessary. Prior to 2013, the Foundation will provide donors with a charitable gift statement within 30 days of receipt of the gift.

All donors are to be furnished gift acknowledgement letters and receipts that comply with CASE, FASB, and IRS rules.

G) ACCEPTANCE AND ADMINISTRATION OF RESTRICTED GIFTS

Frequently, donors require that gifts be used by the Foundation in particular ways (by either restricting the uses of the gift or the manner in which the gift may be invested or spent). It is the responsibility of the Foundation to comply with such requirements if the gift is accepted. The Foundation President & CEO, or his/her designee, is responsible for assuring arrangements are made to achieve compliance with such requirements. New restrictions must be documented in a Gift Agreement in accordance with the Foundation's Fund Administration Policy. Gifts with restrictions that do not significantly further the Foundation's mission will not be accepted.

Where restrictions imposed by a donor are reduced to writing and require signed agreement by a Foundation official, such agreements are to be signed on behalf of the Foundation only by the Foundation President & CEO, or his/her designee.

H) PAYMENT OF FEES RELATED TO GIFTS

Foundation may incur and pay reasonable fees for professional services rendered to or for the benefit of the Foundation in connection with the completion of a gift to the Foundation. Where advisors retained by the Foundation prepare documents or render services of any kind to the Foundation and/or to a donor on behalf of the Foundation, the donor shall be informed that the professional involved is retained by the Foundation and is not acting on behalf of the donor and that any advice given or documents prepared should be reviewed by donor's counsel prior to completion of the gift.



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I) RISK CATEGORIES OF GIFTS

Gifts are classified into three categories based on whether the risk associated with acceptance is considered material, moderate, or marginal.

1) Material Risk

Gifts considered to present material risks must be approved by the Committee before their acceptance by the Foundation is recommended to the Board of Directors. If possible, a draft of the gift instrument (e.g., Memorandum of Agreement, Fund Agreement, Memorandum of Understanding, etc.) will be included as part of the presentation to the Committee. It is understood that all gifts considered to be of material risk shall be documented with a written understanding between the donor, the Foundation and the University.

Gifts of material risk include:

- a) Gifts of existing business interests
- b) Gifts of real property (including life estates or when a bequest is realized)
- c) Gifts of personal property with a fair market value exceeding \$5,000 (if not retained by the Foundation or by the University after transfer to the University)
- d) All gifts of real or tangible personal property subject to donor restrictions regarding property disposal
- e) All gifts of unusual items or gifts of questionable value
- f) Charitable remainder trusts (funded with non-publicly traded securities, real property, tangible personal property or other assets)
- g) Gifts of life insurance (where Foundation is beneficiary only)
- h) All conditional pledges

2) Moderate Risk

Gifts considered to present moderate risks may be accepted by Foundation staff after approval by the Foundation Vice President & CFO or the Assistant Vice President and Controller. Gifts valued at a minimum of \$10,000 and considered to be of moderate risk shall be reviewed by the Committee at the meeting following the receipt of the gift.

Gifts of moderate risk include:

- a) Non-publicly traded securities with a fair market value exceeding \$5,000
- b) Notification of the intent to gift real property through a bequest
- c) Charitable gift annuities
- d) Charitable remainder trusts (funded with cash or publicly traded securities)
- e) Charitable lead trusts
- f) Gifts of personal property with a fair market value equal to or less than \$5,000
- g) Gifts of personal property with a fair market value that exceeds \$5,000 if to be used by the University after transfer by the Foundation (gifts in kind)
- h) Cash gifts with significant donor restrictions
- i) Gifts of life insurance (where Foundation is the beneficiary and the owner)

3) Marginal Risk

All other gifts are considered to be gifts of marginal risk and may be accepted by Foundation staff. This includes gifts in kind with a fair market value less than or equal to \$5,000.



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GIFT ACCEPTANCE PROCEDURES

The following procedures relate to the more common types of gifts the Foundation receives. It is understood that special gifts or circumstances may require a case-by-case review and may not be covered by this document. Gifts to the Foundation may be in the form of outright gifts, pledges, or deferred commitments.

A) GIFTS/GRANTS DEFINED

A gift is an irrevocable transfer of personal property (including cash) or real property by a donor, either outright or through a planned/deferred gift vehicle for the charitable purpose designated by the donor and without expectation of a tangible or direct economic benefit to the donor other than applicable tax benefits and/or life income in the case of planned/deferred gifts. A gift implies no responsibility to provide the donor with any goods or services. In the case of a "quid pro quo contribution" within the meaning of IRC §6115, the gift represents the excess of the contribution amount over the value of the goods or services provided by the Foundation.

University issued contracts for goods or services are not considered to be gifts. The final determination as to whether funds are considered to be a gift and handled by the Foundation, or a contract and handled by the University, shall be made by the Foundation Vice President & CFO or Assistant Vice President and Controller in conjunction with the University's Office of Sponsored Project Administration.

The University and Foundation may also receive grant funding. Grants to the University or the Foundation to support research activities will fall into one of two categories: sponsored agreements or philanthropic gifts. Philanthropic gifts are unconditional transfers which are voluntary and non-reciprocal and will be received by the Foundation. Sponsored agreements are reciprocal, with each party giving and receiving something of value in the transaction, and will be directed to the University and administered by the University Office of Sponsored Programs. The Vice President of Research of the University, or his/her designee, shall determine in consultation with the Foundation President & CEO, or his/her designee, which awards will be classified as gifts.

B) OUTRIGHT GIFTS

Outright gifts include: Cash and Cash Equivalents Securities, Personal Property (including gifts in kind), and Real Property.

1) Cash and Cash Equivalents

Cash and cash equivalent gifts can take the form of currency, check or credit card contribution.

Mailed cash gifts are reported the date the cash is received in the Foundation mailroom. If gifts are transferred by EFT or wire, the date of the gift is the date that the money is transferred into the Foundation's bank account. When gifts are received by credit card, the date of the gift is the date the credit card charges are submitted by the Foundation to the credit card processor.

2) Securities

Gifts of securities take the form of publicly traded securities (stocks, bonds and mutual funds), non-publicly traded (closely held) securities, or interests in existing business entities. Gifts of securities are valued at the average of the high and low price of the security as of the date of the gift.

Mailed gifts of securities (physical certificates) are reported the date of the postmark on the envelope. Hand delivered securities are reported the date they are received. Book-held securities are reported the date they are received in the Foundation's brokerage account. If the security is not traded on that date, the date of the most recent prior sale will be used for valuation.

- a) Publicly Traded Securities. Securities traded on any recognized stock exchange and are readily marketable will be accepted by the Foundation. It is the policy of the Foundation to sell these securities as expeditiously as possible.



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- b) **Non-Publicly Traded (Closely Held) Securities.** In the case of non-publicly traded securities, the Foundation shall examine such securities prior to acceptance and may decline any gift of such securities deemed difficult to value or not easily marketable.

Under current law it is the donor's responsibility, for gifts of non-publicly traded securities exceeding \$10,000, to have the securities valued by a qualified independent appraiser as required by the IRS. Gifts of non-publicly traded securities of \$10,000 or less may be valued at the per-share cash purchase price of the most recent transaction. Normally, this transaction is the redemption value of the stock by the corporation. For a gift of \$10,000 or less, when no redemption has occurred during the reporting period, an independent certified public accountant (CPA) who maintains the books for a closely held corporation is deemed to be qualified to value the stock of that corporation.

- c) **Interests in Business Entities.** Donors may make gifts of interests in existing business entities (partnership interests, S Corporations, interests in limited liability companies, etc.). These may be accepted by the Foundation so long as the Foundation assumes no legal liability in receiving them. In evaluating a gift proposal of such assets, prior to making its recommendation the Committee should consider the probability of converting the interest to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, and the nature of the business from which the asset is derived. The Board of Directors may decline acceptance of any such gift.
- d) The Foundation shall not accept, without first seeking Board approval, a gift making it a principal in a joint venture or other business activity in which it would participate in the operation of the business or venture, or would impose upon the Foundation any liability for the conduct of the business, or would require the Foundation to make additional capital contributions to the business or venture or assume or guarantee any debts of the business or venture.

3) Personal Property (Accepted With Intent To Sell)

The Foundation may consider gifts of personal property, which can be tangible or intangible. Examples of tangible personal property include, but are not limited to, works of art, manuscripts, literary works, vehicles, developed software, equipment and livestock. Examples of intangible personal property include, but are not limited to, various intellectual properties such as patents, copyrights and software under development. It is the policy of the Foundation to sell or otherwise dispose of all gifts of personal property and use the proceeds to further its charitable activities.

Gifts of personal property shall be valued at full fair market value and title to such gifts should be clear, unencumbered, and properly documented. Foundation staff will carefully consider marketability, storage, transportation, and disposal costs of all gifts of personal property.

Gifts with fair market values exceeding \$5,000 will be reported for tax purposes at the values placed on them by qualified independent appraisers as required by the Internal Revenue Code. Gifts of \$5,000 and under may be reported for tax purposes at either the value declared by the donor or the value placed on them by an appraisal qualified expert on the faculty or staff of the University. If a value, as specified above, is not placed on a gift of personal property, the value shall be recorded at one dollar. Gifts of intellectual property will be valued as per applicable tax guidelines. If the Foundation sells or otherwise disposes of the donated property within three (3) years of the date of the gift, the Foundation will file an information return on IRS Form 8282 and send a copy to the donor.

4) Gifts of Tangible Personal Property or Intellectual Property (for University Use)

Gifts in the form of tangible personal property or intellectual property that will be used by the University faculty, staff and/or students will be accepted only if the property can be used to complement the core mission of the University in the areas of teaching, research, creative endeavors, campus activities, outreach programs or a combination thereof. Before the Foundation accepts gifts of this property, the use and need of the property should be clearly documented and approved by the respective University unit. Foundation staff may consult with various University staff (including staff from a legal, financial, purchasing, or risk management offices, as well as Deans or other University administrators) to determine demand for or potential uses of gifts of tangible personal property or intellectual property. Title to the gift property should be free or



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liens and encumbrances and properly documented. Careful consideration should be given to maintenance, storage, and transportation costs.

It is the policy of the Foundation to transfer ownership of all gifts of tangible personal property or intellectual property for University use to the University.

Gifts of non-cash property shall be valued at fair market value. Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the Internal Revenue Code. Gifts of \$5,000 and under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of the University. If a value, as specified above, is not placed on a gift of personal property, the value shall be recorded at one dollar.

Gifts in kind of software will be valued by written confirmation of the value of the gift at the educational discount price obtained from the donor or, if no educational discount is available, then the donor must state no discount is available and a value of 50% of the retail price will be used.

5) Real Property

Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property and mineral interests. In general, the Foundation's policy is to dispose of all gifts of real estate as expeditiously as possible. If it is the intention of the donor that the Foundation not immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before such property may be accepted by the Foundation.

If the donor wishes to gift real property during his/her lifetime, the Committee will consider the gift only after a thorough examination of the criteria listed below:

- a) **Market Value and Marketability.** The Committee must receive a current appraisal (not older than 60 days) of the fair market value of the property and a description of the gifted interest in the property. The appraisal and other information must indicate clearly and convincingly that there is a market for the property and that the property can be sold within a reasonable period of time. A representative of the Foundation or its property management affiliates shall conduct a site visit of the property.
- b) **Potential Environmental Risks.** All proposed gifts of real property, including gifts from estates, must be accompanied by an Environmental Questionnaire pertaining to the property that has been completed by the donor (and/or counsel or family members in case of an estate gift). In addition, a Phase 1 Environmental Site Assessment (ESA) by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities is required, typically at the donor's expense. The Committee may choose to waive the ESA requirement for non-farm residential properties. The ESA must meet the then-current ASTM 1527 standard in effect.

The Foundation will require that all gifts of an interest in mining or oil and gas properties (and any other gift which the Foundation deems appropriate) to be inspected by a properly licensed or certified professional as may be required to demonstrate due diligence and care in accepting the property as free from contamination. Any such inspection shall be documented properly for legal reasons.

- c) **Limitations and Encumbrances.** No gift of real estate may be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.
- d) **Carrying Costs.** The existence and amount of any carrying costs, such as property owner's association dues, transfer charges, taxes and insurance, must be disclosed.

Gifts of real property qualifying for a charitable deduction to the donor shall be valued by using the fair market value of the property as determined by a qualified appraisal. The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The donor should consult with a tax advisor to ensure any necessary IRS forms are properly executed in connection with the deed of gift. The donor shall pay the costs associated with the conveyance and delivery of the gift. If the Foundation should sell or otherwise dispose of the donated property within three years of the date



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of the gift, the Foundation must file an information return with the Internal Revenue Service on IRS Form 8282 and send a copy to the donor.

C) DEFERRED GIFTS

Deferred gifts include: Charitable Bequests, Charitable Gift Annuities, Charitable Remainder Trusts, Charitable Lead Trusts, Life Insurance, and Life Estates.

1) Charitable Bequests

A charitable bequest is a gift made to the Foundation through wills or living trusts. Charitable bequests are valued and assessed at the time the Foundation is notified of the gift. Donors are encouraged to disclose their bequest intentions to the Foundation in writing to ensure that the Foundation is able to carry out their future wishes and that gifts conform to these policies.

2) Charitable Gift Annuities

A charitable gift annuity is a contract between the Foundation and the donor. The donor makes an initial contribution to the Foundation and the Foundation agrees to pay the annuitant an income derived from the contribution for the rest of the donor's lifetime. The minimum acceptable contribution to establish a charitable gift annuity is \$10,000. The Foundation will only issue charitable gift annuity contracts in those jurisdictions in which it is registered to issue such contracts or where such registration is not required.

The Foundation prefers that this initial contribution is made in cash or publicly traded securities. The maximum annual payment to the annuitant is based on the annuitant's age and the fair market value of the contribution. Since the payments to the annuitant decrease the value of the contribution, the actual "gift" to the Foundation has a value of significantly less than the donor's initial contribution. The Foundation uses the gift annuity rates recommended by the American Council on Gift Annuities.

The Foundation will accept current gift annuities, which begin payments at the next payment date (quarterly, biannually or annually), as well as deferred gift annuities, whose initial payment is at least one year after the gift date. The deferral period will be at the discretion of the donor.

Gift annuity agreements shall be limited to one life or two lives in being at the time of the gift. The minimum age for the annuitants shall be 55 for immediate annuities and 50 (at the time of establishment) for deferred annuities. For deferred annuities, the annuitant's minimum age at the commencement of payments shall be 55.

When a gift annuity is accepted it will be invested in order to provide for future annuity payments. When an annuity matures at the death of the annuitant(s), an amount equal to the residual is available for the designated purpose as indicated in the Gift Annuity Contract. This amount may be unrestricted, restricted or endowed, as the donor directs and is subject to the same policies as outright gifts regarding gift fees and minimum amounts for naming accounts regulated by the "Guidelines for Naming Opportunities and Endowments."

3) Charitable Remainder Trusts

a) Unitrusts.

A "unitrust" is a trust that provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout allowed is five percent (5%) annually and the value of the charitable tax deduction must be at least 10% of the fair market value of the property transferred to the trust on the date of the transfer (in accordance with IRS regulations). The maximum percentage shall be determined by the Foundation administration based on recommendations by the gift planning staff and Foundation leadership. The maximum percentage shall be based on several factors, including the age of the donor(s), number of lives, amount of gift, rate of return on U.S. Treasury bonds at the time and other considerations.



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All life income beneficiaries must be at least age 50. If a beneficiary is under 50, a term of years not to exceed 20 years charitable remainder trust must be used. If the Foundation is to serve as trustee, the minimum asset value for establishing a charitable remainder trust shall be \$50,000, and the Foundation must be at least a 50% beneficiary of the trust.

Neither the Committee nor any employee of the Foundation or other person acting on behalf of the Foundation shall recommend to a potential donor any single corporate fiduciary. Prior to acceptance of the unitrust, the Foundation's attorney must either draft the trust document at the Foundation's expense or review and approve a trust document prepared by the donor's attorney.

Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation. The only fees that will be charged to a trust are those charged by external sources.

b) Annuity Trusts.

Annuity trusts are similar to unitrusts and subject to the same policies and procedures, except that the donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. The payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. Unlike a unitrust, additions may not be made to Annuity Trusts. Neither the Committee nor any employee of the Foundation or other person acting on behalf of the Foundation shall recommend to a potential donor any single corporate fiduciary.

4) Charitable Lead Trusts

A charitable lead trust is designed to make periodic income payments to a charitable organization for a specified number of years, after which the trust terminates and the assets pass to the designated individuals either outright or in trust. Donors may use charitable lead trusts to fulfill pledge agreements with cash, stock, real estate (or a combination of these assets) placed in trusts. Neither the Committee nor any employee of the Foundation or other person acting on behalf of the Foundation shall recommend to a potential donor any single corporate fiduciary.

5) Life Insurance

Life insurance gifts can be made when, (1) the Foundation is named beneficiary of a life insurance policy (and does not own the policy), or (2) the Foundation receives a gift of insurance and the Foundation is beneficiary and owner of the policy. Life insurance is valued at the cash surrender value at the time of the gift. Additional premium payments are considered gifts when received by the Foundation.

The following criteria apply to insurance gifts when the Foundation is owner and beneficiary:

- a) The premium must be a lump sum payment or annual premium payments for not more than 10 years.
- b) The policy may not be a term insurance policy.
- c) The donor agrees to be responsible for making additional premium payments if the interest rates fall below expectations and additional premium payments are required.
- d) The minimum face value for acceptance of a gift of insurance when administrative handling by the Foundation is required is \$100,000.

The donor must decide whether naming the Foundation as a beneficiary only or as an owner and beneficiary is in the best interests of the donor. The Foundation recommends the donor seek legal and financial counsel before making this decision.

If the donor is unable, for any reason, to make the gifts to cover premium payments and there are no dividends to cover payments, the Foundation will decide the future of the policy based upon several factors, which may include age of donor, death benefit, amount of paid-up insurance, amount of premium, number of premiums remaining. The Foundation may decide to:



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- a) Cease premium payments and consider the policy paid at current level of insurance.
- b) Surrender the policy for the cash value and use the funds as designated by the donor.
- c) Use Foundation resources to pay the insurance premium.

6) Gifts of Remainder Interests in Real Estate

Gifts or remainder interests in real estate occur when a donor gifts real property to the Foundation but the donor retains the right to full use of the property during the donor's lifetime. Under these arrangements, the donor receives a "life estate" and the Foundation receives a "remainder interest." Donors may receive a sizable charitable income tax deduction by making a gift of a remainder interest and retaining a life estate. Donors must sign a "Life Estate Agreement" with the Foundation to clarify their responsibility for property repairs, taxes, insurance and other expenses. Donors are encouraged to have all documents reviewed by their own attorneys.

7) Other Property

All property that does not fall within the categories of gifts described above shall be reviewed by the Gift Acceptance Committee, taking into account all facts and circumstances relating to the appropriateness and risks associated with acceptance of the gift.

D) PLEDGES

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. This schedule may not exceed five years for any one gift, unless approved in advance by the Foundation President & CEO. Annual Fund pledges are usually for amounts less than \$1,000 and for periods less than one year. All pledges other than Annual Fund pledges are required to be in writing. All pledges will be considered non-binding commitments unless there is a written instrument executed by the donor which states in unambiguous terms that it is intended to be a legally binding commitment.

A pledge is an expression of the donor's good faith intent to give, or cause to be given, a specific dollar amount according to a fixed time schedule. This schedule may not exceed five years for any one gift, unless approved in advance by the Foundation President & CEO.

The following minimum information must exist to substantiate a pledge:

- 1) the amount of the pledge must be clearly specified;
- 2) there must be a clearly defined payment schedule;
- 3) the donor may not proscribe contingencies or conditions;
- 4) the donor must be considered to be financially capable of making the gift.
- 5) the donor must confirm in writing (including electronic submission) pledges of \$10,000 or more.

Pledges that do not contain this minimum information must have prior approval by the GAC.

A pledge is legally binding if and only if specifically agreed to by the Foundation, the University and the donor.

*Adopted April 26, 2013
Amended April 28, 2017*