

University of Louisiana Lafayette Foundation, Inc.

Gift Acceptance Policies and Procedures

I. GENERAL GUIDELINES

A. Introduction

The University of Louisiana Lafayette Foundation (“Foundation”), a 501©3 organization, organized under the state of Louisiana. The Foundation manages endowment funds and other investments on behalf of the University of Louisiana Lafayette (“University”). The Foundation invests, processes and accounts for all private contributions given to the University and ensures compliance with donor intent; encourages assists in solicitations and acceptance of current and planned gifts that further and fulfill its mission to foster private financial support for the University of Louisiana Lafayette. The following policies and guidelines govern the acceptance of both current and deferred gifts, emphasizing contributions by individuals, corporations and other organizations, specific types of deferred gifts and gifts of non-cash property. This document reflects legal requirements, as well as best practices unique to the Foundation and are designed to ensure that each gift to the Foundation serves the best interests of the donor, the University of Louisiana, and the Foundation. In ensuring each gift provides the maximum benefit possible, these policies detail specific procedures, forms and disclosures used in gift acceptance, administration and stewardship. These policies shall apply to all gifts received by the Foundation and any supporting or subsidiary organizations of the Foundation where applicable.

For purposes of this document, a “gift” is a voluntary charitable contribution to the Foundation for the benefit of the University of Louisiana Lafayette by a donor with a “detached and disinterested generosity,” as defined by the United States Supreme Court in *Commissioner v. Duberstein*, 351 U.S. 243 (1956), whereby the donor receives no return benefits or only insubstantial return benefits in consideration for the gift. In certain circumstances, a donor may receive a partial return benefit in consideration for a contribution (for example, free parking for certain athletic events). In such case, the “net” value of the contribution after reduction for the value of the benefit is considered the “gift”.

B. Purpose of the Policy

The University of Louisiana Lafayette Foundation Board of Trustees (“Trustees”) governs the organization and its administration secures and administers current and deferred gifts from individuals, corporations, foundations and other private entities to safeguard the financial growth and fulfill the mission of the Foundation. The purpose of these policies and guidelines is to define best practices and policies governing the acceptance of gifts by the Foundation and to provide guidance to prospective donors and their advisors when making gifts to the Foundation, so as to facilitate the gift-giving process.

The Foundation considers the interests of donors as its first priority when planning gifts. This includes donors’ financial situation and philanthropic interests as well as any tax or other legal matters disclosed while planning for a gift. A donor will be discouraged from making a gift that is inappropriate in light of the donor’s personal or financial situation. In addition, the Foundation encourages private support that will not encumber the Foundation with gifts that may be restricted in a manner not in keeping with the Foundation’s mission, which may be likely to generate a disproportionate cost or obligation for the benefit received, or for which the donor retains any form of control over the use or disposition of the contribution after the donation is made (such control being considered "material restrictions or conditions" by applicable Internal Revenue Code regulations).

The practices that are unique to the Foundation have evolved over time and represent the best judgment and experience of management. These requirements are not inflexible, but may be changed or modified as described herein and on sound business principles.

C. General Policy

The Foundation will accept unrestricted gifts and gifts for specific programs and purposes, provided such gifts are consistent with its stated mission and do not violate the terms of its corporate charter or this policy. Gifts received by the Foundation must not inhibit the organization from seeking similar or different gifts from other donors. No gift can be received which limits, beyond a general definition of subject area, the research that a faculty member or student can perform.

D. Professional Standards

The Foundation endorses the Model Standards of Practice for the Charitable Gift Planner, issued May 7, 1991 and revised in April, 1999, by the National Committee on

Planned Giving, attached as Exhibit A. The Foundation will not participate in gift planning activities if there is a question regarding whether the donor maintains sufficient title to the assets or has the mental competence to legally transfer the property as a gift. The Foundation does not solicit gifts or market gift planning techniques as investments or securities.

E. Confidentiality

The Foundation shall hold in confidence all information concerning a donor, a donor's assets or philanthropic intentions unless permission to release such information has been obtained from the donor. In those instances where the involvement of a University officer, college dean or faculty member is required in the cultivation or recognition process, the Foundation shall not disclose the terms of a current or deferred gift without the donor's consent. In such event, discretion is used in disclosing information to a university employee to protect donor confidentiality in light of public record laws, and in conformity with the Foundation's overall policy on documents and records.

a. Legal Considerations

Each prospective donor is urged to seek the advice of independent legal and tax counsel in the gift planning process. It is outside the province of the Foundation and its staff to give legal, accounting, tax or other advice. This policy does not preclude the Foundation staff from providing information to a prospective donor or his or her counsel with the appropriate disclosure that the Foundation is not engaged in rendering legal, accounting or other professional service.

The Foundation shall comply with all local, state and federal laws and regulations concerning each charitable gift it encourages, solicits or accepts. All disclosures, registrations and procedures required by authorities shall be made and/or followed in a thorough and timely manner.

b. Acceptance Authority

In consultation with the executive leadership of the Foundation, the Chief Executive Officer shall review major current and deferred gifts that are offered, and shall in his/her discretion authorize the Foundation to accept or decline the proposed gift, or make a recommendation to the Board of Trustees regarding same.

II. TYPES OF PROPERTY

A. Cash

Gifts in the form of currency and checks may be accepted in any amount. All checks must be made payable to the University of Louisiana Lafayette Foundation and shall in no event be made payable to an employee, agent or volunteer for the credit of the Foundation.

B. Real Property

Gifts of real estate (immovable property) include developed property and undeveloped property, as well as gifts subject to a prior life interest or usufruct. Real estate gifts are to be directed to the UL Lafayette Property Foundation, a legally separate foundation wholly owned by the Foundation, which was established primarily to accept gifts of real estate for the benefit of the University. Prior to acceptance of real estate, the Foundation shall require, at the donor's expense, an independent appraisal of the property's fair market value, as well as a Phase I environmental study to ensure that the property has no environmental damage or other environmental issues that would expose the Foundation to liability. The Foundation's Chief Executive Officer shall consult with the Real Estate Enterprise Committee to either accept or decline the proposed real estate donation. If a recommendation is made to accept the proposed real estate donation, the Foundation's legal counsel will proceed with obtaining an acceptable title opinion to ensure that there is a clear title to the property prior to acceptance of the donation. Factors to be considered in acceptance of the property shall include: usefulness of the property for the purposes of the Foundation and/or University; marketability of the property, relative to its condition; any restrictions, reservations, easements, or other limitations associated with the property; carrying costs, such as insurance, property taxes (taking into account that the Foundation is not eligible for any homestead exemption), mortgages, or notes, associated with the property; the results of the environmental study report, and any potential liability for cleanup or restoration of the property that may be imposed under current law to a transferee.

At the time of acceptance of certain gifts of real estate, a third-party purchaser may stand ready to buy the donated property immediately upon the property's donation to the Foundation. Under such circumstances, the Real Estate Enterprise Committee is authorized to recommend to the Board of Trustees the sale of the donated property if the Committee deems such sale to be in the best interests of the Foundation. Once approved by the Board of Trustees, the Foundation's Chief Executive Officer shall be authorized to execute any and all documentation related to the approved sale of the donated property. For more detailed information regarding gifts of real property, see the Foundation's Real Estate Policies for the Acquisition, Management and Disposition of Real Property.

C. Other Tangible Personal Property

Tangible personal property is property other than real property (immovable property), which is often defined as corporeal movable property. Gifts of vessels, boats, vehicles, large equipment, jewelry, works of art, collections, equipment, and other tangible personal property may be accepted. Typically, gifts of this type are to be directed to the UL Lafayette Property Foundation, a legally separate foundation wholly owned by the Foundation, established primarily to accept gifts of this nature for the benefit of the

University. Personal property shall be accepted if the property may be used in accordance with the mission and purpose of the University of Louisiana Lafayette, or will otherwise benefit the Foundation, or if the property may be readily sold. A gift that may obligate the Foundation to perpetual ownership shall not be accepted. If the Foundation intends to sell a gift immediately rather than use it, the donor will be informed that IRS rules may limit the amount of charitable deduction to the donor's cost basis, and the donor will be advised to seek professional financial counsel on the tax consequences of such a donation. Appraisals are required for all gifts in which the donor estimates the fair market value to be \$5,000 or more. Appraisals are required prior to gift acceptance and are the responsibility of the donor. Extraordinary gifts of this type will be presented to the appropriate level of authority within the Board through the Chief Executive Officer for approval prior to acceptance. Other factors to consider in reviewing such gifts for acceptance, include:

- *Does the property further the mission and purposes of the Foundation?*
- *Is the property marketable, or can it be used by the University in furtherance of the University's purpose and mission?*
- *Are there any restrictions on the use, display or sale of the property?*
- *Are there any carrying costs, possible adverse legal consequences, or potential liabilities associated with ownership of the property?*

D. Publicly Traded Securities

Securities traded on an exchange or other publicly reported market may be accepted. The Foundation shall ordinarily sell such securities immediately upon receipt. Employees shall not represent to a prospective donor that a particular security shall be held for investment.

E. Securities Issued by Closely Held Companies

Upon completion of appropriate due diligence regarding valuation, marketability and risk, the Chief Executive Officer may authorize the acceptance of securities that are not publicly traded. The Foundation shall not make any commitments for the repurchase or other disposition of such securities before the gift is completed.

F. Other Property

Other property not otherwise described, whether real or personal, may be accepted, subject to due diligence, if the gift is in keeping with the mission of the University of Louisiana Lafayette, or will otherwise benefit the Foundation and/or the University. This includes gifts of cash or property that are otherwise subject to condition or restriction affecting the disposition or use at the time of the gift, whether imposed by the donor or others.

III. CURRENT GIFTS

A. Absolute Gifts

Defined as those gifts that are not deferred, an absolute gift is transmitted at the time of or during the same accounting period following a donor's commitment to make the gift. Such gifts may involve any of the types of property described in the preceding section.

B. Matching Gifts

The value of a qualifying gift of cash or securities may be increased through a corporate or other matching program.

C. Bargain Sale

A form of a current gift, a bargain sale is part sale and part gift. Such gift arrangements may be accepted if the proposed gift involves property described in the preceding sections, and the acceptance is reviewed by the Foundation's Chief Executive Officer and legal counsel and approved by the Real Estate Enterprise Committee and any additional board authority needed. The donor should be represented by his or her own legal and financial counsel and appraisers. A gift by bargain sale entails a number of risk factors including acquisition risk, financial risk, and market risk. The negotiated bargain sale price should allow for the amount of the desired gift after discounting for acquisition costs and any liabilities that may come with the property, the costs of investing the Foundation's funds in the property pending resale, costs of ownership pending resale, the projected resale value in a changing market environment, and the costs of resale (commissions, appraisals, points, title insurance, etc.). The Real Estate Committee of the Foundation's Board of Trustees has authorized the Foundation to pay only up to 50% of the property's appraised value. Purchases for a greater amount must be authorized by the Committee on an individual basis. Acceptance of such a gift may be subject to the Foundation's Real Estate policies.

D. Charitable Lead Trust

Defined as an irrevocable trust that pays a defined income to the Foundation based on the value of the property held in trust, with the remainder passing to a non-charitable entity, typically the donor or members of the donor's family. A charitable lead Unitrust provides a variable income based on a fixed percentage of the annual value of the trust, while a charitable lead annuity trust pays a fixed income based on the initial value of the trust.

E. Life Insurance

Gifts of life insurance can be made by naming the Foundation as beneficiary and irrevocable owner of an existing or new policy, or the beneficiary of an existing or new policy. A donor may also choose to assign dividends to the Foundation. It is generally not desirable for donors to purchase a new policy as their sole major contribution. In order to avoid any fiduciary liability and the potential for a conflict of interest, the Foundation will accept the ownership of life insurance policies only when it is the sole death beneficiary. The Foundation may be named as a primary, secondary or contingent beneficiary under life insurance policies or annuity contracts. If a policy is subject to continuing premium payments, the donor shall make continuing annual cash gifts in an amount sufficient to meet such costs.

In no event shall the Foundation or its employees furnish names of its donors or alumni to third parties or other persons for the purpose of marketing life insurance products. No insurance products and no insurance companies or agents are endorsed by the Foundation for use in funding gifts to the Foundation. This practice represents a potential conflict of interest, raises issues concerning donor relations and privacy, and may subject the Foundation to regulation under state insurance law.

F. Memorial Gifts

i. Introduction

To the extent practical, the Foundation shall honor the wishes of donors making gifts in memory of deceased family members and friends. When the donor's or the family's wishes are unknown and after unsuccessful attempts to contact the deceased honoree's family after an extended time, the Foundation may direct such gifts to the appropriate campus memorial fund based on the honoree's affiliations, trying to keep with the original and best intent.

ii. Gifts to Existing Funds

When a donor or the deceased honoree's family directs memorial gifts to an existing Foundation fund, such gifts shall be posted to that fund. Acknowledgements and receipts sent to donors shall reference the fund's name, and the deceased honoree's name shall be prominently displayed on the gift receipt or in the acknowledgement letter.

iii. Memorial Funds

When neither a donor nor the deceased honoree's family has directed memorial gifts to an existing Foundation fund, such gifts shall be added to an expendable holding fund and tracked by the deceased honoree's name. If a representative of the deceased honoree's family has not previously contacted the Foundation, the Donor Relations and Stewardship Department, in consultation with a Development Officer if appropriate, shall:

1. Determine the identity of an appropriate family representative(s);
2. Report the names and addresses of donors and the aggregate amount of memorial gifts received to the identified family representative(s); and
3. Based on the balance of the fund, explain to the family representative(s) options for adding the memorial gifts to an existing fund, establishing a named endowed or a named expendable fund in the deceased honoree's name consistent with the minimum gift requirements set forth, and the default designating of memorial gifts by the Foundation to the appropriate campus memorial fund, if no instructions are provided by the family within twelve (12) months after receipt of the first memorial gift.

If no directions have been received from the family representative(s) twelve (12) months after the Foundation received the initial memorial gift, the accumulated balance and any future gifts in memory of the deceased honoree shall be added to the appropriate campus memorial fund based on the honoree's campus affiliations; provided, however, that if the total amount of memorial gifts received exceeds the minimum gift requirements for endowed funds set forth, then the Foundation's Chief Executive Officer, based upon staff recommendation, may authorize the establishment of an endowed named fund in the deceased honoree's name.

G. Endowment Funds

Named endowed funds, established either through outright or planned gifts, can be designated for a variety of specific purposes. A gift or pledge of \$10,000 or more is required to establish a new endowed fund, although gifts of any size can be directed to existing endowments. The principal of endowed funds is held in perpetuity with only the spendable net income from the endowment used for the specified purpose of the gift. The Foundation encourages endowment gifts to provide intergenerational support for the University of Louisiana Lafayette. The principal of each endowment must be

sufficiently large enough to generate meaningful support for the intended purpose, and to justify the time and expense of maintaining such an endowment.

The minimum requirement to establish endowed funds is intended to protect the value of these funds to the University and its faculty and students over the course of time. Donors may pledge an amount over a period of up to 10 years. Any exceptions to this policy are subject to review and approval by the Chief Executive Officer.

H. Pledges

Gifts may be pledged to be paid over a period of time, and such gifts may be completed using any of the types of property indicated above. A pledge may be considered part current gift and part deferred gift. A pledge may be fulfilled with a series of current gifts or through an irrevocable deferred gift, such as a charitable lead trust or charitable remainder trust. With proper written documentation, and provided the pledge does not contain any contingencies which may cause the pledge to be cancelled or revoked, a pledge is counted at its present value in the year the pledge is entered into. Notwithstanding the foregoing, the donor shall only be permitted a tax deduction and the Foundation shall issue gift receipts only at such time(s) as the pledge is fulfilled through actual charitable contributions.

IV. MINIMUM GIFT REQUIREMENTS

The Foundation, in consultation with the University of Louisiana Lafayette and the Louisiana State Board of Regents, has established the following minimum gift requirements:

Endowment for Student Award	\$10,000
Endowment for Student Scholarship	\$25,000
Endowments for Faculty Development Fund	\$15,000
Board of Regents (BOR) Endowed Professorship	\$60,000
Board of Regents (BOR) Endowed Chair	\$600,000
General Endowments	\$10,000
General Non-Endowed Funds	\$1,000

V. EXPENDABLE FUNDS

A. Named Expendable Funds

Named expendable (non-endowed) funds established through either outright or planned gifts can be designated for a variety of specific purposes. The minimum requirement for establishing a new expendable fund shall be an annual commitment of an amount commensurate with the annual spendable net income expected from an endowment fund with a similar purpose, but not less than One Thousand (\$1000.00) Dollars.

B. Restricted Gifts Below \$1,000

If the Foundation receives a non-memorial gift in an amount less than \$1,000 that has been restricted for a purpose by the Donor but no existing Foundation fund has been established for that purpose, then the gift and its restriction shall be reported and made available to the appropriate unit at the University. If the gift has not been used by the University within twenty-four (24) months following receipt of the gift, then the gift shall be added to an existing discretionary fund previously established for campus, college, or department or to another existing fund if appropriate. The Chief Financial Officer of the Foundation shall make a recommendation to the CEO which existing Foundation fund(s) shall receive such gifts.

VI. PLANNED GIFTS

A. Bequests Through Wills and Trusts

The Foundation can provide sample will language to donors for use by their advisors inquiring about naming the Foundation as a charitable beneficiary. Testamentary gifts shall be directed to “. . . the University of Louisiana Lafayette Foundation, a Louisiana nonprofit corporation.” The Foundation shall protect the confidentiality of any will or trust documents provided. All testamentary gifts received following a donor’s death must be reviewed and approved by Foundation legal counsel prior to acceptance. As a fiduciary, the Foundation will honor the donor’s designation if it is possible to ascertain or interpret the donor’s intent and the gift is within the policy guidelines of the Foundation and the University of Louisiana Lafayette and does not violate any public policy or law. In the case of unrestricted gifts, the proceeds will be held and used as determined by the Foundation's Board of Trustees.

B. Charitable Remainder Trusts

These are irrevocable trusts that pay defined amounts of income for life or a term of years based on the value of the property in trust and the age of the income beneficiaries. A charitable remainder annuity trust pays a fixed income, while a charitable remainder unitrust provides a variable income based on a fixed percentage of the annual value of the trust.

The Foundation may agree to serve as trustee for any Charitable Remainder Trust to which it is the sole remainderman, or in special circumstances where multiple beneficiaries are named, provided that the Foundation is designated to receive 70% or more of the remainder. The Foundation will generally serve as the trustee without compensation, and the staff may prepare all necessary trust and tax documents in consultation with the Foundation legal counsel. The minimum funding value is \$25,000.

i. Types of Trusts

Charitable Remainder Trusts in the following forms: One Life, Two Lives, Consecutive Interests, Two Lives, Concurrent (Joint) and Consecutive Interests, and Term of Years (up to 20). The Foundation will accept cash and marketable securities to fund a Charitable Remainder Annuity Trust, and cash, marketable securities and real estate to fund a Charitable Remainder Unitrust. Marketable securities and real estate must be free of indebtedness and readily sellable. All other proposed sources of funding must be pre-approved by the Chief Executive Officer and either Foundation's Legal Counsel, Chief Financial Officer, or Treasurer.

It is strongly encouraged that the charitable remainder of any Trust funded with a gift of less than \$30,000 be for unrestricted purposes. The specified period of payment is measured by the lives of one or more individuals or a fixed term of years. A life CRT where the Foundation is trustee should have no more than two income beneficiaries, the youngest of which must be at least 50 years of age at the date of closure. A term CRT may have income beneficiaries of any age. A CRT with more than two life income beneficiaries or with life income beneficiaries under the age of 50 must be approved by the Chief Executive Officer. As a matter of law, no Trust may be written for a term of years exceeding 20 years.

ii. Trust Payments

Annuity Trust payments are generally made annually, but may be made in semiannual, or quarterly installments. Monthly remittances are discouraged and offered only upon the approval of the Chief Executive Officer and any two of the Chief Financial Officer, Legal Counsel, or Treasurer.

The income of the Charitable Remainder Trust for each taxable year shall be distributed at such time and in such manner as not to subject the Trust to tax

under Section 4942 of the Code. Except for the payment of the income amount to the Recipient, the Trustee shall not engage in any act of self-dealing, as defined in Section 4941(d), and shall not make any taxable expenditure, as defined in Section 4945(d). The Trustee shall not make any investments that jeopardize the charitable purpose of the Trust within the meaning of Section 4944, or retain any excess business holdings within the meaning of Section 4943(c). Rev. Proc. 89-21; 90-32.

C. Charitable Gift Annuity Contracts

If qualified under the laws of the state of the donor's residence, the University of Louisiana Lafayette Foundation will offer Charitable Gift Annuity contracts in which it is the sole beneficiary of the charitable remainder interest. The Foundation will offer the annuity contract without any costs assessed against the annuity and will prepare the annuity contract without fee. All annuity contracts and documents shall be prepared by the Foundation's staff and reviewed by the Chief Executive Officer. Any changes to the standard template shall be prepared in conjunction with the Foundation's Legal Counsel.

Gift Annuities offered by the University of Louisiana Lafayette Foundation are not subject to regulation as underwritten in Louisiana. Gift annuities should be presented as a charitable giving option and never as an insurance product or competitive "commercial" type annuity. Individual state regulations will be monitored for compliance. The Chief Executive Officer and Legal Counsel shall be consulted with regard to the specific requirements associated with offering gift annuities to a resident of a state other than Louisiana.

i. Deferred Payment Charitable Gift Annuity Contracts

If qualified under the laws of the state of the donor's residence, the University of Louisiana Lafayette Foundation will offer deferred payment Charitable Gift Annuity contracts in which it is the sole beneficiary of the charitable remainder interest. The deferral period shall be twenty (20) years or less from the date of closure. The Foundation will offer the deferred payment annuity contract without any costs assessed against the annuity and will prepare the deferred payment annuity contract without fee. All deferred payment annuity contracts and documents shall be prepared by the Foundation's staff and reviewed by the Chief Executive Officer. Any changes to the standard template shall be prepared in conjunction with the Foundation's Legal Counsel.

ii. Types of Annuities Offered

The Foundation will offer deferred payment Charitable Gift Annuity contracts in the following forms:

- (1) One Life,
- (2) Two Lives, Consecutive Interests, and
- (3) Two Lives, Concurrent (Joint) and Consecutive Interests.

Any commitment to underwrite a deferred payment Charitable Gift Annuity contract must be approved by the Chief Executive Officer. The minimum funding value is \$25,000. It is strongly encouraged that the charitable remainder of any deferred payment gift annuity contract less than \$30,000 be for unrestricted purposes. The Foundation will accept cash, marketable securities, real estate or other readily marketable assets to fund a deferred payment gift annuity contract. Contributable assets must be free of indebtedness and readily sellable by the Foundation. If real estate is offered for a deferred payment gift annuity, it must be reviewed and approved in accordance with the Foundation's Real Estate Policies prior to establishment of the deferred payment gift annuity. All other proposed sources of funding must be pre-approved by the Chief Executive Officer and any two of the Chief Financial Officer, Legal Counsel or Treasurer.

The specified period of payment is measured by the lives of one or two income beneficiaries only. A deferred payment gift annuity shall not be underwritten to provide an annuity to any beneficiary less than 50 years of age on the date annuity payments begin. No deferred payment gift annuity agreement shall be issued unless the charitable gift, as computed under government tables, exceeds 10% of the amount transferred for the annuity. Any deviation from these guidelines must be approved by the Chief Executive Officer and any two of the Chief Financial Officer, Legal Counsel or Treasurer.

iii. **Annuity Payout Rates, Investment**

Unless otherwise prohibited by state law, the University of Louisiana Lafayette Foundation generally allows for payout rates 1% below the rates suggested by the American Council on Gift Annuities (ACGA). The base gift annuity rate, then adjusted for deferral, shall be 1% below the published ACGA rate, or any greater rate up to the rate approved by the Chief Executive Officer; provided, however, that the highest payout rate shall be capped at 40%.

Deferred payment Charitable Gift Annuities offered by the University of Louisiana Lafayette Foundation are not subject to regulation as underwritten in Louisiana. Deferred payment gift annuities should be presented as a charitable giving option and never as an insurance product or competitive "commercial" type annuity. Individual state regulations will be monitored for compliance. The Chief Executive Officer shall be consulted with regard to the specific requirements associated with offering deferred payment gift annuities to a resident of a state other than Louisiana.

D. **Retirement Plan Beneficiary Designation**

The Foundation will accept gifts from retirement plans. Donors must contact their plan administrator to complete the appropriate Change of Beneficiary Form.

E. Property Deeded Subject to a Life Estate (Retained Life Estate)

The Foundation will accept certain gifts of property where the donor retains the right to income, use and enjoyment of the real property for life. Gifts of this type are defined by law and are limited to real estate qualifying as a farm or personal residence. Acceptance shall be made according to the policies of the Real Estate Committee of the Foundation's Board of Trustees. When a donor expresses interest in a retained life estate, the Foundation staff shall work closely with the legal counsel throughout the gift process.

VII. DONOR RELATIONS AND STEWARDSHIP

The interests of current and prospective donors shall be a primary consideration with respect to any gift to the Foundation. Pressure techniques are not acceptable, and no program, agreement, trust or contract shall be presented which would benefit the Foundation or its beneficiary units at the expense of the donors' best interests and charitable motivations. All donors will be advised to consult their own legal or financial counsel regarding the tax implications of a gift and matters related to estate planning. All information obtained from or about donors or prospects shall be held in strictest confidence by the Foundation. The Foundation will respect donor wishes in regards to publication of information or other forms of recognition. The Foundation coordinates donor interests and stewardship efforts with appropriate units on campus.

VIII. NAMING

The naming of a program, department or college is among the highest levels of donor recognition at an institution of higher education and, as such, requires considerable deliberation and thought. While a program, department or college may reap additional benefits from affiliation with certain donors' names in a particular field, the marketing aspect of the naming is secondary to its role as recognition for the donors' role in transforming the program, department or college to a higher level of performance or accomplishment.

Traditionally institutions of higher education have named physical spaces, buildings and areas to honor individuals or families for their individual academic or institutional achievements, for achievements in a particular field or for private gifts supporting a project or program. In recent years, academic programs, departments and colleges have also been named to recognize the institutional, career or philanthropic achievements of individuals and families.

The University has established policies and procedures for naming buildings and other physical structures or areas on the University's campus and the University President will advise the Foundation on the necessary approval process.

While donor recognition is heavily weighted by the amount of a gift, the intent of the gift and its eventual impact are key considerations in determining if a recommendation to name a program, department or college is appropriate.

In this light, it is the University of Louisiana Lafayette Foundation's intention that proposed naming opportunities for colleges, departments and programs be weighed with the considerations provided in Appendix B.

This policy includes provisions for naming opportunities as a result of significant charitable gift commitments. In such event, the Foundation will collaborate with the University President and appropriate administration to determine the appropriate level of gift necessary for a naming opportunity consistent with all University of Louisiana System Board, Louisiana Board of Regents Policies and these Gift Acceptance Policies.

IX. CAMPAIGN COUNTING AND GIFT DOCUMENTATION

a. Introduction

A campaign is a defined period of time in which the University of Louisiana Lafayette Foundation directs intense and focused attention to a specific group of funding priorities for the University of Louisiana Lafayette. While the day-to-day mission of the Foundation has always been to foster gifts for the benefit of the University, a campaign's momentum enables the Foundation to raise standards for endowment and investment management, fund raising, donor relations and stewardship for years to come in a way that enhances the University's image within our state and the nation, and at times provides gifts that can transform the University's programmatic excellence.

It is the Foundation's duty not only to manage funds for the University, but to steward those gifts in a way that assures the donor of their value to the University, to count individual gifts as a part of a collective campaign or general fund raising effort and to report true results in a straight-forward and understandable fashion. To achieve those goals, campaign counting and reporting takes a different approach than the Internal Revenue Service, Financial Accounting Standards Board (FASB) or other accounting gift valuation requirements used by the Foundation and donors.

The Council for Advancement and Support of Education (CASE) and the National Committee on Planned Giving (NCPG) have crafted respected guidelines for reporting and counting gifts in campaigns. Both have been considered and incorporated into the Foundation's counting standards.

i. The CASE Management and Reporting Standards for Educational Fund Raising Campaigns

The CASE Management and Reporting Standards for Educational Fund Raising Campaigns were last revised in 2009, after being created in the 1980s to set a high performance standard for campaign conduct and reporting, to strengthen and protect philanthropy and to increase confidence in education.

ii. National Committee on Planned Giving Standards

The NCPG recommends that fund raising organizations not only “report all commitments or changes in commitments that affect the financial state of the charity,” but also set separate and complementary goals for irrevocable and revocable gifts as well as outright gifts

b. Documentation of Gifts

All gifts require official, written documentation before being recognized by the Foundation and counted toward a campaign goal. For outright gifts or multi-year pledges, such documentation will usually be a signed and dated pledge card, gift agreement or letter of intent. Other acceptable documentation can include: formal contracts or instruments of transfer. For deferred gifts, documentation may include a copy of a will or trust document, a supporting document for an irrevocable trust or a copy of an insurance policy naming the Foundation owner and beneficiary.

- i. Gifts in kind must be documented to the Foundation’s normal requirements to be counted.
- ii. The gifts accepted by the Foundation include:
 - 1. Cash payments
 - 2. Pledges
 - 3. Corporate matching gifts
 - 4. Closely held securities
 - 5. Marketable securities
 - 6. Gifts in Kind
 - 7. Real Estate
 - 8. Grants from non-governmental agencies/foundations
 - 9. Bequests
 - 10. Bargain sales
 - 11. Deferred gifts with life income option
 - 12. Gifts of insurance
- iii. The following types of funds are excluded from campaign totals:
 - 1. Gifts or pledges, outright or deferred, counted in previous campaigns,

- even if realized during the current campaign;
2. Investment earnings on gifts, even if accrued during the time period of the campaign and within the terms specified by a donor;
 3. Earned income, including transfer payments;
 4. Surplus income transfers from ticket-based operations, except for those permitted as a charitable deduction by IRS;
 5. Contract revenues;
 6. Contributed services, except for those permitted as a charitable deduction by IRS; and
 7. Governmental grants

c. Campaign Counting and Recording Guidelines

i. Outright Gifts and Pledges

1. Only outright gifts and pledges received or committed during the campaign timeframe—and thus available for use by the University—should be counted in campaign totals, with the exception of a limited number of projects for which fund raising began prior to the campaign, but whose purpose is critical to the campaign’s overall objectives.
2. Pledge balances to be received within the remaining time of the campaign plus five years are to be reported separately from outright gifts received.
3. The value of any canceled or unfulfilled pledges will be subtracted from campaign totals when it is certain they will not be realized.
4. Gifts and pledges may be counted to only one campaign, meaning pledges initiated prior to the campaign counting period would not be counted in totals.

ii. Other Gifts

1. Gifts-in-kind, which can include equipment and software, may be recognized at the documented amount the institution would have actually paid for that equipment or software.
2. Gifts made directly to the University can be included in campaign results if they otherwise meet reporting standards.

iii. Planned Gifts

1. Irrevocable planned gifts confirmed during a campaign period will be counted and reported at face value in separate counting totals in campaign reporting.
2. Revocable planned gifts for which relevant documentation and financial information is received during a campaign period will be counted and reported at face value in separate counting totals in campaign reporting if the donor is age 75 or older, or will otherwise turn 75 during the period of the campaign.
3. Planned gifts, expectancies and estate gifts may be counted to only one campaign, meaning commitments and expectancies initiated prior to the campaign counting period would not be counted in totals.

d. Gift Reporting

When reporting campaign results in total or segmented by featured campaign objectives, campus and colleges as appropriate, reports should include:

1. The total of outright gifts received, reported at face value;
2. The total outstanding balances of pledges committed, anticipated through the end of the campaign and for a period of five years thereafter and reported at face value;
3. The total of irrevocable deferred commitments, reported at face value; and
4. Subject to appropriate documentation, the total of revocable deferred commitments from donors age 75 or older during the period of the campaign reported at face value.

X. GIFT PLANNING REQUIRED DISCLOSURES AND DISCLAIMERS

- a. Information and illustrations regarding planned gift strategies and potential benefits can be provided to assist the donor in making an informed choice regarding their charitable giving options. In every instance donors are to be encouraged to discuss their planned giving options with their own advisors. All life income proposals shall include a disclosure summarizing the investment mix and objectives for managing the trust principal. All information provided to a donor in contemplation of a gift shall bear the following disclaimer:

These calculations are for illustration purposes only and should not be considered legal, accounting, or other professional advice. We

recommend you review this information with your own legal and financial advisors. Your actual benefits may vary depending on the timing of the gift.

- b. Illustrations provided for completed gifts shall include the following disclaimer:

We recommend you review this information with your own advisors. Your actual benefits may vary depending on the timing of your gift.

- c. Any description of the Foundation's past performance as a manager of funds held in trust shall be accompanied by the following disclaimer:

Past performance is not necessarily indicative of future returns.

- d. In accordance with the Philanthropy Protection Act of 1995 (P.L.104-62) and the Charitable Gift Annuity Antitrust Relief Act of 1995 (P.L.104-63), the Foundation shall provide a disclosure statement with all Charitable Remainder Unitrust and Charitable Gift Annuity illustrations as needed.

XI. GIFT PLANNING PROVISIONS

a. Undue Influence

The Foundation's employees and authorized volunteers shall exercise caution to avoid pressure or undue persuasion when dealing with prospective donors. The Foundation's role is not to "sell" current or planned gift agreements, but rather to inform donors of available options and to assist them in fulfilling their charitable intentions.

b. Authorized Representation

University employees hired to conduct fundraising, must operate under University standards, rules and regulations. No person shall solicit gifts on behalf of the Foundation unless they are currently employed by the Foundation or are authorized as a volunteer or agent of the Foundation.

c. Special Compensation: Finder's Fees and Commissions

No person shall receive any direct or indirect compensation in the form of a commission, finder's fee, other transaction related payment based upon the value of the gift, or other consideration for facilitating the establishment of any current or planned gift, including but not limited to charitable remainder trusts or charitable gift annuity contracts, except that paid employees may receive wages and salaries for their overall fund raising activities and other job responsibilities for the University and the Foundation.

d. Professional Services

The Foundation does not endorse any professional services offered or provided to prospective donors concerning their gift, tax consequences or financial and estate plans. During the course of gift planning Foundation staff and volunteers may provide the names of several persons who provide services and can advise donor regarding making a gift to the Foundation. In every case the Foundation shall urge prospective donors throughout the process to seek the advice of qualified professional counsel prior to the completion of any gift to the Foundation.

e. Payment of Professional Fees

i. Donor's Attorney and Accountant Fees

The Foundation will not pay fees to a donor's professional advisors in connection with the solicitation, commitment, or closing of a charitable gift. The Foundation may reimburse the donors for their out of pocket costs, if considered as an exception and based on the approval of the Chief Executive Officer and Legal Counsel of the Foundation. In such event, the donor will be advised that such payment will be treated as a return benefit to the donor in consideration for his or her contribution and will affect the deductibility of his or her contribution. Only those fees deemed usual and customary at the sole discretion of the Foundation may be reimbursed.

ii. Appraisals

Generally the Foundation will not pay for any appraisals. Employees of the Foundation or the University of Louisiana Lafayette cannot provide appraisals to the donor for purposes of supporting an income tax, estate, or gift deduction. (Regulation Section 1.170A-13(c)(5)). The Foundation shall comply in all other respects with Internal Revenue Service Regulations governing the substantiation of the donor's charitable gift.

f. Agreements

The Foundation will not engage in the unauthorized practice of law. Specifically the Foundation cannot prepare any Will, Codicil, Living Trust Document, or Power of Attorney, nor will it provide specimens of such agreements to donors for general marketing purposes. The Foundation may prepare and provide specific language relating to a proposed charitable bequest or distribution to benefit the Foundation at the request of the donor or donor's counsel for use by the donor's counsel, which shall be marked: *For Discussion Purposes Only* or *This Language Has Been Prepared By The University Of Louisiana Lafayette Foundation Only As An Example, And Should Not Be Used As Written Without Consultation With Your Own Legal Advisor.*

The Foundation will prepare documents to which it is a party including Fund Agreements, Pledge Agreements, Charitable Remainder Trust Agreements, Charitable

Gift Annuity Agreements, Bargain-Sale Purchase Agreements and Life Estate Agreements. Donors will at all times be encouraged to review such documents with their own advisors before signing. Specimens of such agreements will not be distributed for general marketing purposes.

APPENDIX A
MODEL STANDARDS OF PRACTICE FOR
THE CHARITABLE GIFT PLANNER

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

- I. **Primacy of Philanthropic Motivation:** The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.
- II. **Explanation of Tax Implications:** Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.
- III. **Full Disclosure:** It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.
- IV. **Compensation:** Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder’s fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is not appropriate.
- V. **Competence and Professionalism:** The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

- VI. **Consultation with Independent Advisers:** A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.
- VII. **Consultation with Charities:** Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.
- VIII. **Description and Representation of Gift:** The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.
- IX. **Full Compliance:** A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.
- X. **Public Trust:** Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

APPENDIX B
CONSIDERATIONS FOR DETERMINING APPROPRIATE GIVING LEVEL
FOR PROGRAMMATIC NAMING OPPORTUNITY

- I. **Does the establishment of this endowment or group of endowed funds transform the college, department or program in a way that could not be achieved without this support?**
- II. **Is the gift flexible enough to enable the college, department or program to accomplish future goals as well as those set out today?** Is the gift unrestricted within the college, department or program? Or is the gift minimally restricted toward student aid, faculty support, research and general activities, and unrelated to construction or building operation and maintenance?
- III. **Is the naming meaningful to both the University unit and the donor?** Will the affiliation with this name be a positive one for the college, department or program based on the reputation and achievements of the donor(s) or entity? Will the affiliation with the University at this level be meaningful to the donor?
- IV. **Does the endowment significantly enhance the current level of funding the college, department or program has now for academic and programmatic pursuits?** In general, a guideline of endowing a sum equal to three to five times the college, department or program's current operational budget (including state funding, tuition and other income) would be preferred. For example, a college with a current operational budget of \$10 million might be endowed with a gift of \$30 million to \$50 million, generating annual transfers to the budget of \$1,350,000 to \$2,250,000 based on the current Foundation spending policy.
- V. **If any portion of the gift is designated for capital projects, is the proportion to more flexible academic and programmatic assistance appropriate?** Gifts of this magnitude can be complex in nature and may at times include gift components more typically recognized with physical naming opportunities. It is possible that naming a program, department or college is more appropriate for a very complex gift(s) even when it includes a capital component.
- VI. **Does the naming decision consider the donor(s) lifetime or family contributions to the college, department or program?** Is the naming an appropriate recognition of the level of support given?
- VII. **Are there means for reconsideration in the future should circumstances change for the college, department or program or the donor?** University policies typically set a 10-15 year period for naming of academic programs and the useful life timeframe for naming a facility. However, unpredictable occurrences within those periods sometimes require reconsideration of naming rights to protect the long-term reputation and integrity of the University. Foundation gift agreements are written with this unlikely, albeit possible, scenario in mind.
- VIII. **Does the endowment gift improve the program department or college's comparability with similar programs, departments or colleges in the nation?** While other institutions cannot set the standards for the University of Louisiana Lafayette, it is important to observe philanthropic trends to assure recognition activities are reasonable.
- IX. **Is the naming process and the entity to be named clearly identified for the donor, the University and the Foundation?** Naming an academic or programmatic entity is different than naming a building or hall; however, people often use the institutional, descriptive names interchangeably for program and facility. When a naming opportunity is discussed it is critical that the differences between naming a building and naming a program or college are clearly identified.

5/8/2014 12:23 PM