Iowa State University Foundation
Gift Acceptance Policy

Approved by the ISU Foundation Board of Directors
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INTRODUCTION

The Iowa State University Foundation (the “Foundation”) is organized as an Iowa Nonprofit Corporation under Chapter 504 of the Iowa Code, is exempted from Federal Income Tax liability by Internal Revenue Code Section 501(c)(3), and qualifies as a Publicly-Supported Charity under Internal Revenue Code Section 509. The Foundation exists to secure and manage private gifts for the benefit of Iowa State University (the “University”). To facilitate this charitable purpose, under a service agreement dated July 1, 2006, the Foundation has been recognized by the University as its sole official fundraising organization.

This document has been developed by the staff of the Foundation and approved by the Foundation’s Board of Directors to outline straightforward and objective procedures for analyzing and accepting charitable gifts to the Foundation for the University’s benefit. 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:** A gift shall not be accepted by the Foundation if such acceptance would not be in the interest of the donor. A determination of the donor’s “interest” shall include, but not be limited to, the donor’s financial situation and 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 known personal or financial situation.

**Principle 2:** A gift shall not be accepted by the Foundation unless there is a reasonable expectation that acceptance of the gift will ultimately benefit the University.

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 his/her charitable, financial and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent legal 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 prospective donors.
GIFT REVIEW AND ACCEPTANCE

It is the responsibility of the Foundation Board of Directors (the “Board”) to accept or decline all gifts to the Foundation. The Board has delegated gift acceptance responsibility the Gift Acceptance Committee (the “Committee”) and to Foundation staff.

GIFT ACCEPTANCE COMMITTEE

The Committee shall consist of the following voting members:

Foundation Staff

- Foundation President and Chief Executive Officer
- Foundation Vice President of Development (1)
- Foundation Senior Vice President of Finance and Operations

Non-Staff Committee Members

There shall be three (3) non-staff committee members. These three members will be comprised of the following:

- One Foundation Governor – recommended by the committee and approved by the Foundation Board of Directors
- One university faculty representative- recommended by the Faculty Senate and appointed by the President of Iowa State University
- One representative of university administration – appointed by the President of Iowa State University

Terms of Service

The terms of the three non-staff committee members shall be up to four years, which may be extended for one additional four year term. A year is considered to be on a fiscal basis. In order to provide continuity and expertise on the committee, terms shall be staggered.

It is understood that, due to extenuating circumstances, a committee member may leave the committee prior to the expiration of their respective term. In this case, the newly appointed member will serve a new term of up to four years, which may be extended for one additional four year term.
**Action**

Committee meetings shall be scheduled on a bi-monthly basis, and additional meetings shall be called as necessary to approve specific gifts. With respect to any proposed gift submitted to the Committee, the Committee may

1. Refer the gift to the Board
2. Approve the gift
3. Reject the gift
4. Request additional information from Foundation staff or the donor.

Action of the Committee on any proposed gift may occur by meeting (including in person and telephone participation) or by written action of the Committee. Notwithstanding the quorum requirements for Foundation committees set forth in the Bylaws, any Committee action with respect to a proposed gift must be approved by a majority of the Committee members.

**DEFINITIONS**

**Gift**

A gift is an irrevocable transfer of personal property (e.g. cash, securities, books, equipment) or real property (e.g. land, buildings) 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 with the exception of tax benefits and life income in the case of planned/deferred gifts. A gift implies no responsibility to provide the donor with a product, service, technical or scientific report(s), or intellectual property.

**Sponsored Project**

A sponsored project has a statement of work to be performed in exchange for something of value, such as data, results, or intellectual property. A written agreement is entered into by the University and the sponsor.

A sponsored project is not considered to be a gift. Iowa State University handles sponsored projects through the Office of Sponsored Programs Administration (OSPA), Office of University Counsel, Purchasing Department, or the Industry Contracts team within the Office of Intellectual Property and Technology Transfer.

**Grant**

The University and Foundation also receive funding under grants. A grant is an award received generally as the result of a written proposal, with the understanding that an
accounting and/or report will be done at the end of the project and a copy of the results will be provided to the funder. A grant that has been determined to be a gift is donative in nature; it is given voluntarily and without expectation of any tangible compensation and implies no responsibility to provide the donor with a product, service, technical or scientific report(s) or intellectual property.

**Final Determination**

The final determination as to whether funds are considered to be a gift or contract, and whether the Foundation or the University should administer the funds, is made by the Foundation’s Corporate and Foundation Relations team in conjunction with the University’s Office of Sponsored Programs Administration and/or Industry Contracts team. A careful review is made of the source of funding, requirements during the funding period, and deliverables if applicable. If applicable, the University Controller’s Department, Purchasing Department, Facilities Planning and Management, Office of Risk Management, Office of University Counsel, and the appropriate College Dean may also be consulted. Complete guidelines can be found at www.ospa.iastate.edu/policies.
CATEGORIES OF GIFTS

Gifts are classified into three categories, based on the level of risk associated with acceptance:

**Material Risk**
- Real property – outright gift/receipt of bequest
- Real property - retained life interest
- Real property – endowment farms
- Other Business Interests (S Corp, Partnerships, LLC)
- Tangible or intangible personal property – to be sold, and value exceeds $100,000
- Pledges – conditional and value exceeds $1,000,000
- Gifts of personal property subject to donor restrictions regarding the disposal of such property*
- Gifts of unusual items or gifts of questionable value

**Moderate Risk**
- Business interests (corporate) – privately held stock
- Real property – bequest intention
- Tangible or intangible personal property – retained for university use (gifts-in-kind) and value exceeds $100,000
- Tangible or intangible personal property – to be sold and value equal to or less than $100,000
- Charitable gift annuities
- Charitable remainder trusts
- Life Insurance – (Foundation as owner)

**Marginal Risk**
- Cash
- Marketable Securities
- Tangible or intangible personal property – retained for university use (gifts-in-kind) and value is less than $100,000

*The ISU University Library and University Museums have developed separate acceptance policies for gifts of books or other archival items, and artwork. The foundation will record those gifts upon receipt of signed documentation forwarded from those units.
GIFT ACCEPTANCE PROCESS

Material Risk
All gifts considered to be of material risk shall be approved by the Committee before the gifts may be accepted by the Foundation. Upon acceptance of the gift by the Committee, the Foundation shall document in writing its understanding of the gift, provide that document to the donor, and seek written acknowledgement from the donor.

Moderate Risk
All gifts considered to be of moderate risk may be accepted by the Foundation staff after approval by the Foundation Senior Vice President of Finance and Operations or the Assistant Vice President and Controller. Gifts valued at a minimum of $10,000 and considered to be of moderate risk shall be disclosed to the Committee at the meeting following the receipt of the gift.

Marginal Risk
All gifts considered to be marginal risk may be accepted by Foundation staff on behalf of the Board of Directors.
TYPES OF GIFTS

Gifts to the Foundation may be in the form of outright gifts, pledges or deferred commitments.

OUTRIGHT GIFTS

Outright gifts include:

- Cash and Cash Equivalents
- Business Interests (Corporate)
  - Publicly Traded Securities
  - Privately Held Securities
- Other Business Interests
- Real Property
  - Outright Gift/Receipt of Bequest
  - Retained Life Estate
  - Endowment Farms
  - Bequest Intention
- Tangible Personal Property
  - Retained for University Use (Gifts-in-Kind)
  - To be Sold
- Intangible Personal Property
  - Retained for University Use (Gifts-in-Kind)
  - To be Sold
- Charitable Gift Annuities
- Charitable Remainder Trusts
  - Unitrusts
  - Annuity Trusts
- Charitable Lead Trusts
- Insurance Policies (Foundation as Owner)

Cash and Cash Equivalents

Definition
Cash is often the easiest way to give and the most frequently received form of gift accepted by the Foundation. These gifts can take the form of currency, check or credit card contribution (MasterCard, Visa, or Discover). Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT) or by wire transfer.

Category
Cash is categorized as a marginal risk gift.
Valuation
Cash is most often presented as United States currency and is valued at face value. If foreign currency is presented, its value will be calculated at the exchange rate on the date of receipt.

Gift Date
Cash gifts are reported with 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(s).

Credit card contributions are recorded with the date the credit card is charged and the transaction is complete. Contributions may be initiated by the donor through the Foundation’s online site, a phone call, or through the mail.

Business Interests (Corporate) - Publicly Traded Securities

Definition
Publicly traded securities (stocks, bonds and mutual funds) are corporate interests that are traded on at least one stock exchange (i.e., New York Stock Exchange, NASDAQ).

Category
Publicly traded securities are categorized as a marginal risk gift.

Valuation
Gifts of publicly-traded securities are valued at the average of the high and low price of the security as of the date of the gift. Gains or losses on the sale of securities, brokerage fees, or other expenses associated with the sale will not affect the reported gift value.

Gift Date
The date of the gift is defined as the date of the postmark on the envelope or the date the security is hand delivered (physical certificates) or the date the security is received in the Foundation’s brokerage account (book-held securities). If the security is not traded on that date, the Foundation will follow IRS Publication 561 in determining the value of the donated property.

It is the practice of the Foundation to sell these securities as expeditiously as possible.

Business Interests (Corporate) – Privately Held Securities

Definition
Privately held securities (C-Corp) are considered to be corporate interests that are not traded on a stock exchange.
Category
Privately held securities are categorized as a moderate risk gift.

Valuation
It is the donor’s responsibility, for gifts of privately held securities with a value exceeding $10,000, to have the securities valued by a qualified independent appraiser as required by the Internal Revenue Service.

Gifts of privately held 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 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 the privately held corporation is deemed to be qualified to value the stock of that corporation.

Gift Date
The date of the gift is defined as the date the security is registered in the Foundation’s name on the books of the corporation. This date is often included in formal correspondence from the company.

Other
In the case of privately held securities, the Foundation shall evaluate any gift opportunity prior to acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable.

Other Business Interests

Definition
Interests in business entities include S Corp stock, partnership interests, or interests in limited liability companies. These may be accepted as long as the Foundation’s risk is limited to the value of the gift.

Category
Interests in business entities are categorized as a material risk gift.

Valuation
It is the donor’s responsibility to have the business interest valued by a qualified independent appraiser as required by the internal revenue service.

Gift Date
The date of the gift is defined as the date the interest is registered in the Foundation’s name on the books of the corporation, or the date of transfer identified in the transfer documents.
Other
In evaluating a gift proposal of such assets, the Gift Acceptance Committee may consider the probability of conversion to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, the nature of the business from which the asset is derived, and whether or not ownership of the interest will subject the Foundation to unrelated business income tax or capital gains tax.

Further, the Foundation may ask the donor to provide organizational documents (i.e. articles of incorporation), current financial information, and an independent appraisal.

The Foundation shall not accept, without Gift Acceptance Committee approval, a gift making it a principal in a joint venture or other business activity in which it would participate in the risks of operation or would have any liability for the conduct of the business that exceeds its capital contributions (e.g. as a general partner, principal in a joint venture, or as an owner of a working interest).

Real Property – Outright Gift

Definition
Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property and mineral interests.

Category
Real property is categorized as a material risk gift.

Valuation
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. Appraisals are generally provided and paid for by the donor.

Gift Date
The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The date of the gift will be the date on the deed. The donor shall pay the costs associated with the conveyance and delivery of the gift.

Evaluation
If a donor wants to give real property during their lifetime, the Committee will consider the gift only after a thorough examination of the criteria listed below:

- *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 interest in the property the Foundation would receive if the proposed gift were approved. Development officers shall inform the donor that, if the gift is completed, the IRS will require an appraisal to substantiate the gift. A copy of the current appraisal
for the property must be provided by the donor. The appraisal and other information must indicate clearly and convincingly that there is a market for the property under consideration and that the property can be sold within a reasonable period of time. A representative of the Foundation or its property management affiliates must do a site visit of the property. Regardless of the value placed on the property by the donor’s appraisal, the foundation will attempt to sell it at a reasonable price as reflected by the current market.

- **Potential Environmental Risks.** All proposed gifts of real property, including gifts from realized 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. This requirement may be waived for non-farm residential property or, on a case by case basis, real estate with a retained life interest. The Phase 1 ESA must meet the then-current ASTM 1527 standard in effect.

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

- **Limitations and Encumbrances.** In general, gifts of real estate will not be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.

- **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.

**Sale**
In general, the Foundation’s policy is to dispose of all gifts of real estate as expeditiously as possible. This policy will be communicated to donors when the Foundation receives notification of the donor’s intent to gift real property.

If the Foundation should sell or otherwise dispose of the donated property within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.
Real Property – Realized Bequest

Definition
The notification by an estate representative that the Foundation is the beneficiary of assets including real property.

Category
A realized bequest asset of real property is categorized as a material risk gift.

Valuation
If the estate is required to disclose the property value through estate proceedings, that value will be considered the fair market value. If the estate does not disclose the property value, the value will be determined by the estimate of value as obtained from a knowledgeable land management company, the utilization of the value as stated on the most recent Iowa State University Iowa Land Value Survey, or receipt of a current appraisal. The method used to determine the value will be at the discretion of the Foundation.

Gift Date
The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The date of the gift will be the date on the deed.

Evaluation
If the Foundation is the beneficiary of estate assets that include real property, the Committee will consider the gift only after a thorough examination of the criteria listed below:

- **Market Value and Marketability.** The valuation as disclosed by the estate or through the valuation process determined by the Foundation.

- **Potential Environmental Risks.** A Phase 1 Environmental Site Assessment (ESA) by a qualified engineer indicating ownership will not expose the Foundation to environmental liabilities will be obtained by the Foundation. This requirement may be waived for non-farm residential property.

- **Limitations and Encumbrances.** Any mortgages, liens or other encumbrances must be disclosed by the estate.

- **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.

In general, the Committee will complete its evaluation of the gift within six (6) months from the date of notification by the estate representative.
Real Property – Retained Life Interest

Definition
A retained life interest occurs when a donor makes a gift of real property and retains full use and rights to the property during their lifetime. (The donor retains a “life interest” and the Foundation receives the “remainder interest”.) In addition, the donor retains responsibility for property repairs, taxes, insurance, capital improvements, and other expenses.

Category
A retained life interest is categorized as a material risk gift.

Valuation
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. Appraisals are generally provided and paid for by the donor.

Gift Date
The execution and delivery of a deed of gift or other appropriate conveyance, reserving a “life interest” for the life of the donor, or his or her designees, shall complete the gift. The date of the gift will be the date on the deed. The donor shall pay the costs associated with the conveyance and delivery of the gift.

Evaluation
The gift will be evaluated as outlined under Real Property – Outright Gift.

Real Property - Endowment Farms

Definition
Endowment farms occur in those instances when a donor is interested in gifting farmland to be held for an extended period of years (not to exceed 25 years) and the Foundation and Iowa State University agree to do so. A gift agreement will be executed between the donor, the Foundation and Iowa State University that details expectations regarding the holding period and use of the land, and how net proceeds from the land will be used to further the programs of Iowa State University.

Category
Endowment farms are categorized as a material risk gift.

Valuation
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. Appraisals are generally provided and paid for by the donor.
**Gift Date**  
The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The date of the gift will be the date on the deed. The donor shall pay the costs associated with the conveyance and delivery of the gift.

**Evaluation**  
The gift will be evaluated as outlined under Real Property – Outright Gift.

**Real Property - Bequest Intention**

**Definition**  
The notification by a donor to the Foundation of the intent to gift real property through an estate gift.

**Category**  
The notification of intent to gift real property through an estate gift is categorized as a moderate risk gift.

**Valuation**  
An estimate of value is provided by the donor, and may be compared with the Iowa State University Land Survey as completed each calendar year. A Foundation representative or its property management affiliate must complete a walkthrough of the property. It is understood that the intent to gift real property through an estate gift is a revocable commitment.

**Gift Date**  
There is no recordable gift date for an intent to gift real property through an estate. Once the estate is realized, and the property is reviewed and accepted by the Gift Acceptance Committee, the date on the deed will be the date of the gift.

**Tangible Personal Property - Retained for University Use (Gifts-in-Kind)**

**Definition**  
Property that is not classified as real property is classified as personal property. Examples of tangible personal property include, but are not limited to, works of art, manuscripts, literary works, vehicles, developed software, equipment and livestock. The Foundation transfers ownership of all gifts-in-kind retained for university use to the university.

**Category**  
Tangible personal property that will be retained for university use and is valued in excess of $100,000 is categorized as a moderate risk.
Tangible personal property retained for university use and valued at less than or equal to $100,000 is categorized as a marginal risk.

Valuation
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 IRS for valuing noncash charitable contributions. 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 Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1.

Gifts-in-kind of developed software are valued in one of two ways. A written confirmation of the value of the gift at the educational discount price will be obtained from the donor. If no educational discount is available, that must be stated by the donor, and a value of 50% of the retail price shall be used.

Evaluation
It is imperative that gifts-in-kind be used to complement the core mission of the university in the areas of teaching, research, creative endeavors, outreach programs or a combination thereof. The use and need of the property should be clearly documented and approved by the respective Iowa State University unit. The Iowa State University Controller’s Department, Purchasing Department, Facilities Planning and Management, Office of Risk Management, Office of University Counsel, and the appropriate College Dean may be asked to provide approvals where appropriate.

Gift Date
The gift date will be the date that Iowa State University confirms it is in possession of the property. If title conveyance documents are required, either by Iowa State University or by the donor, the gift date will be the effective date on the applicable document.

Other
Title to the property should be clear, unencumbered, and properly documented. Careful consideration should be given to maintenance, storage, and transportation costs of all gifts-in-kind.

The University Museums Acquisitions Committee must approve all gifts in kind of art that are to be retained by the University. This includes works of art located in the Brunnier Art Museum, Farm House Museum, and exterior and interior public art works on campus (the Art on Campus Collection).

The University Library will coordinate and approve all gifts in kind of books or other applicable material designated for general collections, special collections, and university archives.
Tangible Personal Property – To be Sold

Definition
Property that is classified as tangible personal property, but is not to be retained for university use, will be sold by the Foundation. The Foundation’s intention to sell the property and use the proceeds to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

Category
Tangible personal property that will be sold and is valued in excess of $100,000 is categorized as a material risk gift.

Tangible personal property that will be sold and is valued at equal to or less than $100,000 is categorized as a moderate risk gift.

Valuation
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 IRS for valuing noncash charitable contributions. 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 Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1.

Evaluation
Careful consideration must be given to the acceptance of tangible personal property. This includes a review of marketability and ease of the sale.

Gift Date
The gift date will be the date that the Foundation is in possession of the property. If title conveyance documents are required, either by the Foundation or the donor, the gift date will be the effective date on the applicable document.

Other
Title to the property should be clear, unencumbered, and properly documented. Careful consideration should be given to maintenance, storage, and transportation costs of the property.

If the property is sold or otherwise disposed of within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.

Intangible Personal Property - Retained for University Use (Gifts-in-Kind)

Definition
Property that is not classified as real property is classified as personal property. Intangible personal property has no physical element, but contains evidence of value
through rights and privileges for the owner. Examples of intangible personal property include, but are not limited to, various intellectual property such as patents, copyrights and software under development.

**Category**
Intangible personal property that will be retained for university use and is valued in excess of $100,000 is categorized as a moderate risk gift.

Intangible personal property retained for university use and valued at less than or equal to $100,000 is categorized as a marginal risk gift.

**Valuation**
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 IRS for valuing noncash charitable contributions. 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 Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1.

**Evaluation**
It is imperative that gifts-in-kind be used to complement the core mission of the university in the areas of teaching, research, creative endeavors, outreach programs or a combination thereof. In addition to the approval of the applicable Iowa State University unit that may utilize the asset, approval from the Iowa State University Office of Intellectual Property and Technology Transfer and/or the Iowa State University Research Foundation will be required. The Iowa State University Office of University Counsel and the Controller’s Office should be consulted as well.

**Gift Date**
The gift date will be the effective date on the conveyance document(s). Iowa State University will provide a copy of the document to the Foundation in order for the Foundation to record the gift on the donor record.

**Intangible Personal Property – To be Sold**

**Definition**
Property that is classified as intangible personal property, but is not retained for university use, will be sold by the Foundation. The Foundation’s intention to sell the property and use the proceeds to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

**Category**
Intangible personal property that will be sold and is valued in excess of $100,000 is categorized as a material risk gift.
Intangible personal property that will be sold and is valued at equal to or less than $100,000 is categorized as a moderate risk gift.

Valuation
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 IRS for valuing noncash charitable contributions. 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 Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1.

Evaluation
Careful consideration must be given to the acceptance of intangible personal property that will be sold. This includes a review of marketability and ease of the sale.

Gift Date
The gift date will be the effective date on the conveyance document(s).

Other
If the property is sold or otherwise disposed of within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.

Charitable Gift Annuities

Definition
A charitable gift annuity is a contract between the Foundation and the donor. The donor makes an initial payment to the Foundation and the Foundation agrees to pay the annuitant an income for the rest of his/her lifetime. The entire assets of the Foundation back the income payments of a gift annuity contract. The maximum annual payment to the annuitant is based on the annuitant’s age and the fair market value of the contribution made by the donor. Since the annuitant expects to receive payments from the Foundation for the remainder of his/her lifetime, the actual “gift” to the Foundation has a value of significantly less than the donor’s initial payment. The Foundation offers the gift annuity rates recommended by the American Council on Gift Annuities.

There are two types of gift annuities: current or deferred.

- A current gift annuity begins payments at the next payment date (quarterly, biannually or annually).
- A deferred gift annuity has an initial payment that is at least one year after the gift date. The deferral date will be at the discretion of the donor, subject to minimum age requirements identified below.
Charitable gift annuities are categorized as a moderate risk gift.

**Valuation**
The Foundation will accept either cash or publicly traded securities for the initial payment. These assets will be valued as identified in the applicable section above.

**Other Considerations**
- The minimum acceptable contribution to establish a charitable gift annuity is $25,000. The maximum dollar amount that may be established for the benefit of each individual annuitant is $1 million. This maximum may be reached through the establishment of one gift annuity or through multiple gift annuities.
- 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 60 for immediate annuities. For deferred annuities, the minimum age for annuitants at the time of establishment shall be 50. The annuitant’s minimum age at the commencement of payments for deferred annuities shall be 60.
- 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 20% of the residual is available for the unrestricted use of the Foundation with the remaining 80% designated for the purpose as indicated by the donor. This donor-designated 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 “Iowa State University and ISU Foundation Guidelines for Naming Opportunities and Endowments.”
- State registration requirements must be adhered to in those states whose insurance or other laws and regulations so require. Foundation policy allows for establishing gift annuities in Iowa. Before gift annuities may be issued for residents of other states, the Foundation shall review the states’ annuity regulations and receive approval from the Senior Vice President of Finance and Operations or the Assistant Vice President and Controller.

**Charitable Remainder Trusts (Foundation as Trustee)**

**Unitrusts**

**Definition**
A charitable remainder unitrust is established when a donor irrevocably transfers assets to the Foundation (trustee), who then invests the trust’s assets, and in return the donor and/or other beneficiary receives an amount equal to a set percentage of the fair market value of the assets of the trust, valued annually.
Income payments are based on a fixed percentage of the annual market value of trust assets and will vary in amount as the value of the assets change. Income in excess of the annual payment is added to the principal. Payments may be set for life or a term of years not to exceed 20 years. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation.

**Category**
If funded with cash or publicly traded securities, charitable remainder unitrusts are categorized as a moderate risk gift.

If funded with non-publicly traded securities, real property, tangible personal property, or other assets, the charitable remainder unitrust is categorized as a material risk gift. The underlying asset must be considered by the respective policies established herein before the trust is accepted by the Foundation.

The Assistant Vice President and Controller or the Senior Vice President of Finance and Operations must approve all trust documents. The Foundation’s attorney must draft the trust document at the Foundation’s expense, or review and approve a trust document prepared by the donor’s attorney.

**Valuation**
The underlying asset used to fund the trust will be valued as of the effective date the asset is received by the Foundation (trustee). That valuation will follow the respective policies established herein.

**Other Considerations**
- The minimum acceptable asset value for establishing a charitable remainder unitrust shall be $100,000.

- The Foundation must be at least a 50% residual beneficiary of the trust. If the Foundation is not the sole residual beneficiary, there may be a maximum of two additional residual beneficiaries.

- All life income beneficiaries must be age 60 or older. If a beneficiary is under age 60, a term of years not to exceed 20 years charitable remainder trust must be used.

- The payout percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout allowed is 5% annually. The maximum percentage shall be determined by Foundation administration based on recommendations by the gift planning staff. 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. In addition 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).

- Additional charitable contributions may be made to an existing charitable remainder unitrust.

- The only fees that will be charged to a trust are those charged by external sources. At the time of this writing, Kaspick & Company, LLC. administers the Foundation trusts.

**Annuity Trusts**

**Definition**
A charitable remainder annuity trust is established when a donor irrevocably transfers assets to the Foundation (trustee), who then invests the trust’s assets, and in return the donor and/or other beneficiary receives an annual payout amount that is fixed irrevocably at the time of the gift and is 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.

Income payments remain constant through the life of the trust, and will not vary in amount. Payments may be set for life or a term of years not to exceed 20 years. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation.

**Category**
If funded with cash or publicly traded securities, charitable remainder annuity trusts are categorized as moderate risk.

If funded with non-publicly traded securities, real property, tangible personal property, or other assets, the charitable remainder annuity trust is categorized as material risk. The underlying asset must be considered by the respective policies established herein before the trust is accepted by the Foundation.

The Assistant Vice President and Controller or the Senior Vice President of Finance and Operations must approve all trust documents. The Foundation’s attorney must draft the trust document at the Foundation’s expense, or review and approve a trust document prepared by the donor’s attorney.

**Valuation**
The underlying asset used to fund the trust will be valued as of the effective date the asset is received by the Foundation (trustee). That valuation will follow the respective policies established herein.
Other Considerations

- The minimum acceptable asset value for establishing a charitable remainder annuity trust shall be $100,000.

- The Foundation must be at least a 50% residual beneficiary of the trust. If the Foundation is not the sole residual beneficiary, there may be a maximum of two additional residual beneficiaries.

- All life income beneficiaries must be age 60 or older. If an income beneficiary is under 60, a term of years not to exceed 20 years charitable remainder trust must be used.

- Unlike a charitable remainder unitrust, additional charitable contributions may not be made to an existing charitable remainder annuity trust.

- The only fees that will be charged to a trust are those charged by external sources. At the time of this writing, Kaspick & Company, LLC. administers the Foundation trusts.

Charitable Lead Trusts

Definition
A charitable lead trust is designed to make periodic income payments to at least one charitable organization for a specific number of years, the lives of one or more individuals, or a combination of the two; after which the trust terminates and the assets pass to either the grantor or other non-charitable beneficiary.

Category
A charitable lead trust is categorized as a marginal risk gift.

Valuation
The present value of the income stream will be calculated based upon the annual fixed amount (charitable lead annuity trust) or fixed percentage of the market value of the trust (charitable lead unitrust).

Other Considerations

- The Foundation may accept a designation as an income beneficiary of a charitable lead trust.

- The Foundation will not serve as trustee of a charitable lead trust.

- Major gift donors may use charitable lead trusts to fulfill a pledge commitment.
Life Insurance (Foundation as Owner)

Definition
The Foundation may become owner and beneficiary of a life insurance policy through the donor’s contribution of an existing policy that is changed to name the Foundation as owner and beneficiary, or through the establishment of a new policy with the Foundation as the original policy owner and beneficiary.

Category
Life insurance gifts where the Foundation is to be owner and beneficiary are categorized as moderate risk gifts.

Valuation
Life insurance is valued at the cash surrender value at the time of the gift. Additional premium payments will be recorded as outright gifts upon receipt.

Evaluation
The Foundation will review a current illustration and cash surrender value as provided by the insurance company. In addition, gift acceptance requires the following:

- The minimum face value for acceptance for the Foundation to become owner of a life insurance policy is $100,000.
- The policy may not be a term insurance policy.
- The policy may be a “paid up” policy, or the donor may make annual premium payments until the policy is considered to be “paid up”.
- The donor agrees to be responsible for making additional premium payments if interest rates fall below expectations and premiums are required to maintain the viability of the policy.

The donors will be informed that if, for any reason, they are unable to make the gifts to cover the premium payments and there are not dividends to cover the payment, the Foundation will select an option deciding the future of the policy based upon several factors, which may include the age of donor, death benefit, amount of paid-up insurance, amount of premium, number of premiums remaining, etc. The options are:

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

As a final consideration, the Foundation reserves the right to “cash in” a policy at any time and forego the potential death benefit.
PLEDGES

Definition
Unconditional 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 two of the following three senior staff members: Senior Vice President of Finance and Operations, Vice President for Development or the President and Chief Executive Officer.

Pledge commitments obtained through the Foundation student phone center (CampusCall) are usually for amounts less than $10,000 and for periods less than one year. CampusCall pledges are oral in nature, and will be documented upon CampusCall supervisor approval.

All pledges other than CampusCall pledges are required to be in writing. Acceptable written documentation may include the Foundation pledge form with donor signature, a letter initiated and signed by the donor, or an email from the donor’s personal or business email address.

Conditional pledges are commitments to give a specific dollar amount only if future and uncertain conditions are met.

Category
Unconditional pledges are categorized as a marginal risk.

Conditional pledges that are equal to or less than $1,000,000 are categorized as a moderate risk.

Conditional pledges that are greater than $1,000,000 are categorized as a material risk.

Valuation
A pledge is valued at face value and is most often reflected in United States currency. If the pledge document specifies payment will be with foreign currency, the value will be calculated at the exchange rate on the date the pledge is recorded.

Evaluation
The following minimum information must exist to document a pledge:

- the value of the pledge must be clearly specified;
- there must be a clearly defined payment schedule;
- the evidence of the pledge should include words such as “promise”, “agree”, “will”, “intend”, and
- the donor must be considered to be financially capable of making the gift.
Pledge Date
The recorded pledge date will be the date the pledge documentation is received.

DEFERRED COMMITMENTS

Deferred Commitments include:

- Charitable Bequests
- Retirement Plan Assets (Foundation as Beneficiary)
- Life Insurance (Foundation as Beneficiary)

Charitable Bequests

Definition
A charitable bequest is a written statement in a will or living trust that directs a contribution be made to the Foundation upon the death of the donor.

Category
A bequest of cash or publicly traded securities is categorized as a marginal risk gift.

Upon realization, a bequest of non-publicly traded (closely-held) securities, real estate, tangible personal property, or other assets must be approved or declined by the Gift Acceptance Committee as described in this policy.

Valuation
Charitable bequests will be valued at the amount estimated by the donor.

Retirement Plan Assets (Foundation as Beneficiary)

Definition
A donor may name the Foundation as beneficiary of retirement plan assets, including a 401(k), IRA, or other retirement plan. The Foundation may be named as the sole or partial beneficiary.

Category
A deferred commitment of retirement plan assets where the Foundation is a named beneficiary is categorized as a marginal risk gift.

Valuation
Retirement plan assets where the Foundation is a named beneficiary will be valued at the amount estimated by the donor or their financial advisor.
Life Insurance (Foundation as Beneficiary)

Definition
A donor may name the Foundation as beneficiary of a life insurance policy that the donor continues to own. There is no obligation for the Foundation to carry out owner responsibilities, including premium payments.

Category
Life insurance gifts where the Foundation is to be the beneficiary are categorized as a marginal risk gift.

Valuation
Life insurance policies that name the Foundation as beneficiary only are valued at the face value, or specified dollar or percentage amount, as stated by the donor.