COLORADO NORTHWESTERN COMMUNITY COLLEGE FOUNDATION

Gift Acceptance Policy

Policy adopted by the Board of Directors on Jan. 8, 2021

Purpose: The Colorado Northwestern Community College Foundation (the Foundation) exists to secure private gifts for the benefit of Colorado Northwestern Community College (the College). The Foundation relies on charitable contributions to fulfill its mission of enhancing people's lives by providing accessible, affordable, quality education opportunities. The Foundation is a tax-exempt organization as defined in Section 501(c)3 of the Internal Revenue Code of 1986. The federal tax identification number is 84-0842160.

This Gift Acceptance Policy is intended to guide the Staff and Board at Colorado Northwestern Community College Foundation (hereafter "the Foundation") in discussing and evaluating current and deferred gifts with individual donors and their advisors. Ideally, a donor will communicate with the Foundation a gift is being planned, to formalize and document the donor's charitable intent. However, this may not always occur as some donors may not notify the Foundation in advance of an estate gift, choosing instead to preserve their anonymity. In situations where the Foundation finds itself in active donor conversations in advance of a gift, this policy can provide helpful guidance to donors and their advisors.

The Foundation reserves the right to decline a gift for any reason, including gifts that do not advance the core mission or do not appear to have charitable intent.

Amendments: These polices will be reviewed periodically by the Foundation Board of Directors. Any proposed amendments will be presented to the Board for approval. A written description of the proposed change(s) will be provided to the Board at least one week prior to the meeting at which the vote will take place.

Exceptions to Gift Acceptance Policy: Variance from the Gift Acceptance Policy requires Board approval.

MATTERS OF PRACTICE

Donor Bill of Rights: The Foundation supports the Donor Bill of Rights, as adopted by the Association of Fundraising Professionals. A copy is attached.

Model Standards of Practice: The Foundation supports the Model Standards of Practice for the Charitable Gift Planner, as adopted by the National Association of Charitable Gift Planners. A copy is attached.

Authorization: Authorization to solicit planned gift agreements is granted to the Executive Director of Organization, its Board of Directors, and designated members of staff. Acceptance of a gift by Organization may require approval by the Gift Review Committee as outlined in this Policy. To the extent possible, planned gifts will be negotiated in accordance with the Gift Acceptance Policy and will be consistent with the mission. In addition, it is also acknowledged that no policy can fully anticipate every potential gift scenario in advance. As such, this policy is intended to provide guidelines and guidance, with certain gifts requiring evaluation on a case-by-case basis.

Tax, Financial and Legal Advice: Representatives of the Foundation may provide education/information about various planned giving options and strategies, including questions a donor should contemplate when considering a gift. However, representatives of the Foundation are not permitted to offer tax, financial or legal advice. Donors will be encouraged to seek guidance from independent, professional advisors.

Legal and Outside Counsel: The Foundation may seek the advice of legal counsel, the organization's Auditor, investment manager(s), and/or other advisors as deemed appropriate. In general, use of counsel may be helpful in the following ways:

- To evaluate potential gifts of real estate, tangible personal property, or other less common assets
- To evaluate potential gifts of closely held securities, partnership interests, or other less common business interests
- Determining correct accounting treatment and/or reporting requirements for IRS compliance
- Other instances in which outside expertise is deemed helpful to inform a gift acceptance decision

Payment of Fees: The Foundation will not pay legal fees on behalf of a donor (e.g. drafting of legal documents) unless authorized by the Board of Directors. In addition, the Foundation will not pay for a donor's qualified, independent appraisal (where required), or any commission or 'finder's fee' for any gift received.

Restrictions on Gifts: The Foundation will accept both unrestricted gifts and gifts designated for specific programs and purposes, provided that such designations are consistent with our mission, purposes, and priorities. The Foundation will not accept gifts that are deemed too restrictive in purpose or those that may prove too difficult to administer.

Gift Review Committee: A Gift Review Committee will be convened as necessary by the Chairperson of the Board of Directors to evaluate a potential gift to the Foundation. The committee will consist of:

- Board Chairperson
- Member(s) of the Board Finance Committee
- CNCC Vice President of Administration and/or CNCC Vice President of Instruction
- CNCC President, if deemed appropriate
- Executive Director, as a non-voting member

As needed, the Gift Review Committee is encouraged to consult with Legal Counsel or other experts during its review, and will have responsibility for review and evaluations of complex gifts, real estate gifts, and gifts involving any responsibility to manage a donated asset prior to sale. Actions may include:

- Review of preliminary information to determine any need for additional information/documentation from the prospective donor regarding a proposed gift.

- Review to assure compliance within the Gift Acceptance Policy.
- Review to confirm that a proposed gift is consistent with CNCC's goals and mission.
- Review of proposed language for special purpose gifts and/or designated funds to assure that they comply with Foundation requirements.
- Recommendations to the Board to accept or decline any gifts.

IRS Compliance: The Foundation will comply with all IRS guidelines in the administration of its Planned Giving Program. Compliance will include completing the appropriate sections of IRS Form 8283 and IRS Form 8282.

- A donor must file IRS Form 8283 to report applicable non-cash donations. For gifts valued in excess of $5,000, the Foundation must also complete Part IV of Form 8283 to acknowledge receipt of the gift.
- Donor will present Form 8283 to the Foundation to complete Part IV.
- Completing Part IV of Form 8283 does not substantiate a gift's value, only confirms receipt of the gift.
- By completing Part IV, the Foundation also acknowledges its responsibility to complete Form 8282, if applicable.
- The Foundation will file IRS Form 8282 upon the sale or disposition of any applicable asset sold within three years of receipt. IRS Form 8282 must be filed within 125 days of the asset's sale or disposition.
- Appraisals: A donor is required to secure a Qualified Independent Appraisal for all applicable gifts. As a matter of donor stewardship, the Foundation will identify this need and inform the donor that a Qualified Independent Appraisal must occur within 60 days prior to completing the gift.

DONATED ASSETS

Monetary Gifts

1. All monetary gifts shall be accepted by the Foundation regardless of amount, given that the source of funds is not a business or entity inconsistent with its mission. Any gifts in question will be reviewed by the Gift Review Committee prior to formal acceptance.

2. Monetary gifts can be made via cash, check, payroll deduction, credit card or Electronic Funds Transfer (EFT). The Foundation will take all reasonable precautions to assure that credit card and bank account information remains confidential.

3. Checks should be made payable to Colorado Northwestern Community College Foundation or CNCC Foundation. If a donor wishes to designate the gift to a specific use it must be consistent with the mission. In no event shall a check be made payable to an individual who represents the Foundation.

4. Pledges be payable in single or multiple installments and must have a value of at least $5,000. Generally, a pledge may not exceed 5 years in duration. All donors must complete a pledge form or confirm the pledge in writing.

Non-Monetary Gifts

1. Gifts of non-traditional assets will be subject to review by the Gift Review Committee. Issues of risk, holding costs, complexity and liquidity/marketability and usefulness to CNCC must be explored prior to acceptance.

2. All responsibilities for any appraisal or valuation of non-cash items will be met by the donor and must be in accordance with IRS guidelines.

3. The Foundation may accept in-kind donations of goods or products when usable and relevant to current needs.

4. Patents, copyrights and royalties may be accepted after approval by the Gift Review Committee. For patents and copyrights, the donor must assign 100% of the interest to the Foundation.

5. Installment notes will be considered on a case by case basis, after thorough review by the Gift Review Committee. While potentially advantageous to the Foundation, the donor will be advised to seek guidance from his/her professional advisors regarding the tax implications of these gifts.

6. Oil, Gas and Mineral rights will be considered on a case-by-case basis, after thorough review by the Gift Review Committee. There is considerable variability in the value, productivity and liquidity in holding and/or selling these rights. In general, rights with an anticipated market value below $25,000 will not be considered unless otherwise deemed advantageous to Organization. In no situation will the Foundation accept a working interest in any such property.

7. Gifts of time share interests will be discouraged. However, if the Gift Review Committee determines a potential gift is highly marketable, the Foundation may choose to accept time share interests where the value to Organization exceeds $50,000. During review, the Foundation will confirm an active market for sale of the time share interest and also request a copy of the donor's Qualified, Independent Appraisal.

8. Real Estate Investment Trusts (REIT) may produce Unrelated Business Income to a non-profit organization, and some may also prohibit non-profit ownership. As such, any potential gifts of REIT interests will be carefully reviewed by the Gift Review Committee prior to acceptance.

9. The Foundation will adhere to all IRS requirements related to disposing of non-monetary gifts and filing appropriate forms (e.g. Form 8282).

Gift of Publicly Traded Securities

1. Readily marketable securities, such as those traded on publicly listed exchanges, can be accepted.

2. In general, gifts of publicly traded securities will be sold immediately by the Foundation. Exceptions to this policy may be granted with Board approval, if/as recommended by the Gift Review Committee.

3. For gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the gift, which is the date on which the security is formally transferred to the Foundation ownership.

Gift of Closely/Privately Held Securities

1. Non-publicly traded securities may be accepted on a case-by-case basis by the Gift Review Committee after a thorough due diligence review and understanding of all corporate/business documents. A representative of the Foundation will contact the donor and/or closely held corporation to:

    - Obtain copies of all appropriate documentation
    - Determine if any restrictions on sale or transfer exist,
    - Secure an estimate of fair market value (e.g. copy of qualified business appraisal)

2. Prior to acceptance (and due to potential liquidity issues), the Foundation will explore options or plans for the liquidation of closely held securities through redemption or sale.

3. No commitment for the repurchase of closely held securities will be made prior to completion of the gift of the securities.

4. No restrictions on the sale of closely held securities can be made by the donor as a condition for any gift.

5. Certain forms of closely held securities (e.g. Section 144 Restricted Stock) may require a defined holding period prior to sale. The Gift Review Committee will explore and approve of any such conditions prior to gift acceptance.

6. The Foundation will not accept gifts of *General Partnership* interests. Gifts of *Limited Partnership Interests* may be permissible, but the Foundation cannot be required to make future contributions to the partnership, nor can it become liable for partnership debts, negligence on the part of the partners, hazardous waste cleanup costs, and other substantial expenses. Gifts of *Family Limited Partnership Interests* are permissible when a donor has evidence or a history of charitable intent.

7. The donor is responsible for obtaining a qualified, independent appraisal to determine the value of the gift for tax purposes.

8. The Foundation will account for gifts of closely held securities/business interests in accordance with IRS policies and guidelines.

Gift of Real Estate

1. All potential gifts of real estate must be reviewed by the Gift Review Committee prior to acceptance.

2. Special consideration will be given to any past or present environmental issues on the property, along with potential marketability/liquidity issues. In general, gifts of real estate will be sold as soon as practicable.

3. The donor is responsible for obtaining a qualified independent appraisal of the property, as required by the IRS. The cost of the appraisal is borne by the donor. The Foundation reserves the right to obtain and pay for a second appraisal if it determines that it is prudent to do so.

4. During consideration of the gift, a member of the Gift Review Committee must conduct a visual inspection of the property. If the property is located in a geographically isolated area, a local real estate broker can substitute for a Committee member in conducting the visual inspection.

5. The Foundation will require a Phase I Environmental Audit be conducted for all proposed gifts of nonresidential real estate, and residential real estate as deemed necessary. While this could be an expense of the donor, an environmental audit – unlike a qualified appraisal – benefits the Foundation in its decision to accept or reject the asset; thus the Foundation may elect to pay for the Audit provided that other conditions of acceptance are in place.

6. If the Phase I Environmental Audit suggests that environmental hazards may be present, the Foundation may explore a Phase II Audit to specify the damage. However, due to expense and resulting legal obligations, this will be done judiciously. In almost every situation, the suggestion of environmental contamination from a Phase I Audit will dissuade the Foundation from pursuing the gift.

7. Due to the expenses associated with gifts of real estate, only gifts valued in excess of $100,000 will be accepted.

8. During consideration of the gift, the donor must provide copies of the following documents:

   - Real estate deed, including full legal description of property
   - Preliminary title report
   - Most recent property tax bill
   - Insurance policies in force
   - Substantiation of zoning status, if/as necessary
   - Mortgages or other encumbrances

9. Depending on the value and desirability of the real estate, the donor's connection with the Foundation, and the donor's past gift record, the donor may (or may not) be asked to pay for all or a portion of the following:

   - Maintenance costs (prior to sale)
   - Real estate taxes (prior to sale)
   - Insurance premiums (prior to sale)
   - Real estate broker's commission and other costs of sale

10. Real estate subject to a mortgage can be accepted in certain situations, based on a thorough case-by-case review. Donors will be strongly encouraged to explore the tax implications in donated mortgaged real estate.

11. For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. (Note: For gift crediting purposes, the Foundation can elect to subtract costs incurred after the gift is made, including those for maintenance, insurance, real estate taxes, broker's commission, etc.)

Gift of Life Insurance

1. Gifts of life insurance can be made in the following ways:

   - Irrevocably assign ownership in a paid-up policy
   - Irrevocably assign ownership in a policy in which premiums are still due
   - Establish a new life insurance policy for which Colorado Northwestern Community College Foundation will be the owner and beneficiary
   - Name Colorado Northwestern Community College Foundation as a beneficiary of a policy in which a donor retains ownership

2. The Foundation will accept outright gifts of life insurance policies only when named as the owner and beneficiary of 100% of the policy. The Foundation will retain all power in accordance with ownership, including the rights to surrender a policy and select payment options.

3. The Foundation will not accept life insurance gifts that include any prearranged obligation to maintain the policy by paying premiums from agency assets. However, the Foundation may elect to continue premium payments if deemed prudent.

4. If the policy is a paid-up policy, the value of the gift for accounting purposes is the policy's replacement cost. This value can be obtained from the life insurance company issuing the policy.

5. If the policy is partially paid-up, the value of the gift for accounting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value. A donor can request this value from the issuing life insurance company.)

6. The Foundation will not enter into any charitable split-dollar, charitable reverse split-dollar, or partial interest agreements.

Gift of Tangible Personal Property

1. Gifts of tangible personal property such as jewelry, artwork, collections, equipment, materials and software may be accepted after appropriate consideration by the Gift Review Committee.

2. Gifts of tangible personal property should have a use related to the Foundation's charitable purpose and, as appropriate, be readily marketable to support that charitable purpose.

3. No property that requires special display facilities or security measures will be accepted by the Foundation without formal approval. Other potential costs must be considered, including transportation, storage, maintenance/repair and insurance.

4. Depending upon the anticipated value of the gift, the donor may be required to obtain a qualified independent appraisal prior to making the gift. The appraisal cost will be paid by the donor.

5. The Foundation adheres to all IRS requirements related to acceptance and disposal of gifts of tangible personal property, including the filing of appropriate forms (Forms 8283 and 8282).

Planned Gifts

The Foundation will utilize the following planned gift options, though some of these plans (*) may be administered by another entity (such as a Community Foundation) for the benefit of the Colorado Northwestern Community College Foundation:

1. Bequests
2. Beneficiary Designations
3. Charitable Gift Annuities*
4. Deferred Charitable Gift Annuities*
5. Charitable Remainder Trusts*
6. Charitable Lead Trusts*
7. Retained Life Estates*
8. Bargain Sales*

Bequests: Will, Living Trust

1. Assets transferred through bequests that have immediate value to the Foundation or can be liquidated for the Foundation benefit will be encouraged. Gifts that appear to require more cost than benefit will be discouraged or rejected/disclaimed.

2. In special situations, donors who have indicated they have made a bequest to the Foundation may be asked to disclose, in writing or by copy of the will or living trust provision, the relevant clause that benefits the Foundation as evidence of the gift. However, this request shall be made judiciously and is not a condition for any gift. Such information will be used for internal purposes and is not binding to the donor.

3. The Foundation will not serve as a Personal Representative (Executor) for a donor’s estate.

Beneficiary Designations: Life Insurance, 401(k), IRA, POD/TOD Arrangements

1. Assets transferred through beneficiary designations that have immediate value to the Foundation or can be liquidated shall be encouraged.

2. In some situations, donors who have indicated they have named the Foundation as a beneficiary may be asked to disclose, in writing or by copy of the designation form, the relevant clause that benefits the Foundation as evidence of their gift. However, this

request shall be made judiciously and is not a condition for any gift. Such information will be used for internal purposes and is not binding to the donor.

Charitable Gift Annuities

1. A charitable gift annuity is a legal contract between an organization and the donor. In exchange for a gift of cash, securities or other readily marketable property, the organization agrees to pay a lifetime annuity to one or two income beneficiaries. The annuity payment is a fixed sum based on the size of the gift and the age(s) of the income beneficiary(s).

2. Gift annuities are governed by state law, as determined by the donor's residence. For Colorado residents, Organization will adhere to all legal requirements when issuing a charitable gift annuity.

3. In general, no income beneficiary shall be younger than 60 years old at the time the annuity is to begin. Gift annuities allow for a maximum of two income beneficiaries.

4. The minimum gift accepted to establish a charitable gift annuity is $10,000.

5. The rates payable on charitable gift annuities shall be those established by the American Council on Gift Annuities, unless otherwise approved by the Board of Directors.

6. Gift annuity funds will be managed by a partner entity to ensure all obligations to donors are met.

Deferred Charitable Gift Annuities

1. A deferred gift annuity is a legal contract between an organization and the donor. In exchange for a gift of cash, securities or other readily marketable property, the organization agrees to pay a lifetime annuity to one or two income beneficiaries. The annuity payment is a fixed sum based on the size of the gift, the age(s) of the income beneficiary, and the future date the annuity payments begin.

2. Deferred gift annuities are governed by state law, as determined by the donor's residence. For Colorado residents, Organization will adhere to all legal requirements when issuing a deferred charitable gift annuity.

3. In general, no income beneficiary shall be younger than 55 years old. Commonly, the period of deferral between gift date and the date when payment begins will be the number of years until the donor turns 65 years old, although other time horizons are permitted. Deferred gift annuities allow for a maximum of two income beneficiaries.

4. The minimum gift accepted to establish a deferred gift annuity is $10,000.

5. The rates payable on deferred gift annuities shall be those established by the American Council on Gift Annuities, unless otherwise approved by the Board of Directors.

7. Gift annuity funds and payments will be managed by a partner entity to ensure all obligations to donors are met.

Charitable Remainder Trusts

1. A charitable remainder trust (CRT) is a separately administered trust created by a donor. The trust will make income payments to the donor and/or other named beneficiaries for life or a term of years (20-year maximum). Upon termination of the trust, all assets are distributed to the charitable remainder beneficiaries, as identified by the donor in the trust agreement.

2. The Foundation will not serve as a trustee for a CRT, but it may elect to do so by utilizing a third party administrator.

3. A CRT may be established by a donor in consultation with the Foundation, or independently (and anonymously) by the donor with his or her advisors.

4. Appropriate investment of CRT assets will be determined by the fiduciary hired to manage the trust. Outside of sample illustrations used to explain a CRT to a potential donor, no specific representations shall be made by a Foundation employee or person acting on its behalf regarding the management or investment of such CRT.

5. The donor is responsible for securing independent counsel to provide legal guidance and preparation of trust documents. In special situations, The Foundation may elect to reimburse a donor for the legal costs to prepare a trust agreement. However, as a matter of practice, this will only occur when a donor simultaneously elects to waive his/her right to remove the Foundation as a charitable beneficiary.

6. In some situations, the payout rate of a CRT may be negotiated by the donor and the Foundation. By law the payout rate cannot be lower than 5 percent, and the remainder interest must equal or exceed 10 percent.

Charitable Lead Trusts

1. A charitable lead trust (CLT) is a separately administered trust created by a donor. The trust will make income or "lead" interest payments to the Foundation for a period measured by a fixed term of years, the lives of one or more individuals, or a combination of the two. After this time, the trust assets are paid to either the donor or to one or more named beneficiaries.

2. The Foundation will not serve as a trustee for a CLT, but it may elect to do so through a third party administrator.

3. A CLT may be established by a donor in consultation with the Foundation, or independently (and anonymously) by the donor with his or her advisors.

4. Appropriate investment of CLT assets will be determined by the fiduciary hired to manage the trust. Outside of sample illustrations used to explain a CLT to a potential donor, no representations shall be made by a Foundation employee or person acting on its behalf regarding the management or investment of such CLT.

5. The donor is responsible for securing independent counsel to provide legal guidance and preparation of trust documents. In special situations, the Foundation may elect to reimburse a donor for the legal costs to prepare a trust agreement. However, as a matter

of practice, this will only occur when a donor simultaneously elects to waive his/her right to remove the Foundation as a charitable beneficiary.

6. In some situations, the payout rate of a CLT may be negotiated by the donor and the Foundation. The income level to the Foundation can be determined based upon the donor's wishes to support its mission, the amount of assets a donor wishes to transfer to heirs (or in the case of a grantor trust, back to the donor), and any potential transfer taxes.

Retained Life Estates

1. A Retained Life Estate allows a person to donate a personal residence, farm, or other real estate to the Foundation, while retaining the right for the donor and/or another person to live on that property for either a term of years or the balance of the donor’s and/or other person’s lifetime(s).

2. The Foundation will accept retained life estates in which it will have a remainder interest, and which are deemed to further its charitable mission. The Gift Acceptance Policy related to ‘Gifts of Real Estate’ should be reviewed prior to the acceptance of a Retained Life Estate.

3. The donor should identify professional counsel to provide legal guidance and to draft and administer the life estate agreement. The donor is also responsible for obtaining a qualified, independent appraisal.

4. During the retained use period, the donor will be responsible for all expenses related to property maintenance, real estate tax, insurance and utilities, unless otherwise negotiated by the donor and the Gift Review Committee.

5. If state law requires participation by the remainderman (i.e. the Foundation) in any capital improvements on property subject to a life estate agreement, no such expenditures will be made without Board approval.

Bargain Sales

1. A Bargain Sale allows the Foundation to acquire an asset at an amount lower than fair market value. The difference between the market value and the purchase price represents the donor’s gift to the Foundation.

2. All Bargain Sales will require approval by the Gift Review Committee. Assets common to Bargain Sales include securities, real estate, and tangible property with a related use that is readily salable or deemed useful in fulfilling the Foundation’s mission.

3. Prior to acceptance, the Foundation shall explore methods or plans of liquidation for the assets through redemption or sale, as applicable. In these situations, special consideration will be given to the asset’s marketability.

4. In general, assets subject to a mortgage will not be encouraged due to potential complexity and adverse tax implications for the donor.

5. In general, Bargain Sale gifts will be sold immediately by the Foundation.

Acceptance and Acknowledgement of Gifts

The Foundation serves as the central receiving, acknowledging, recording, and reporting unit for all gifts to the College. Donors should make checks payable to the Colorado Northwestern Community College Foundation. The Director of the Foundation ensures that all designated cash gifts are credited to the proper account and disbursed for the purposes designated by the donor. Complete records of all gifts are maintained by the Foundation. If a donor wishes to remain anonymous throughout the giving process, the donor should discuss appropriate arrangements with the Foundation.

Review

This policy shall be reviewed annually. In any instances where these procedures might conflict with State Board Policies and Procedures or State Statute, the State Board Policies and Procedures and State Statutes take precedence and are the rule.