



**FOUNDATION**

MiraCosta College Foundation  
1 Barnard Drive MS#7  
Oceanside, CA 92056  
760.795.6777  
foundation.miracosta.edu

## **SOLICITATION AND ACCEPTANCE OF GIFTS POLICY**

### **Background and Purpose**

The Office of Development of MiraCosta College (the "College") and the MiraCosta College Foundation (the "Foundation") are responsible for the following:

- Coordinating the College's outreach programs to alumni, the community, business and industry, and private agencies with the aim of helping the College achieve its goals so that academic quality and service to the region can be maintained and advanced.
- Managing the acceptance and processing of all gifts made to the College and maintaining all donor records.

This policy statement has been adopted by the Foundation Board of Directors (the "Board") to provide general information about the criteria and framework by which donations may be accepted or recommended to the Board for acceptance. This information should not be interpreted as legal advice, nor is this policy intended to override current IRS code and regulations.

The Foundation is an IRS-qualified, Section 501(c)(3) tax-exempt charitable-educational organization. The state of California has classified the Foundation as a nonprofit public-benefit corporation under the Nonprofit Corporation Law.

### **General Policy**

- A. Only gifts, bequests, devises, endowments, trusts, and similar funds that further the mission of the College and are designed for use by the College or the Foundation for College-related programs or projects may be considered for acceptance.
- B. Except as provided below, the Foundation Executive Director, or her/his designee, has authority to accept gifts or related funds and instruments designated by the donor/grantor 1) for purposes or uses previously approved by the Board or 2) for established, instructional or support programs and functions of the College authorized by the College President or her/his designee.
- C. Gifts that are exceptions to these policies may be submitted for consideration to the College President or designee and the Foundation Director.



### **Special Gifts Acceptance**

New College programs or donations involving a substantial or unique obligation of the Foundation shall be submitted to the College President or designee and the Foundation Director for review and consideration as to acceptability and conformance with College regulations (particularly California Code of Regulations Section 42500(c) regarding real property, if applicable) and then to the Board for approval.

### **Gifts of Tangible Personal Property and Equipment (Gifts-In-Kind)**

- A. Prior to acceptance of donations of personal property or company product, other than books or materials donated to the Library, the following information about the proposed donation must be provided on/or accompany the Gift-In-Kind form with required signatures:
  - 1. Description of item(s)
  - 2. Estimated value of gift
  - 3. Area in which item is to be used and/or stored
  - 4. Proposed use of item, or plan to convert asset
  - 5. Restrictions on gift
  - 6. Specifics as to the funding of any related expenditures, both initial and on-going
  
- B. Acceptance
  - 1. Gifts of tangible, personal property (e.g., artwork, antiques, furniture, automobiles) are accepted only upon written approval by the College President or designee and the Foundation Executive Director. Such acceptance shall be based upon a reasonable plan to use, sell or otherwise convert the property to a usable asset.
  - 2. Gifts of equipment related to the academic mission of the College shall be accepted only upon written approval by the College President or designee and the Foundation Executive Director.
  - 3. Gifts of books, documents, art objects, artifacts, and related materials to be housed in the Library are accepted only upon written acknowledgment by the Dean of Library or her/his designee.
  - 4. Items to be used for resale or auctioning for fundraising purposes are to be deemed acceptable and received by a College Development Officer. The Gift-in-Kind Form for Fundraising Events is to be used for documenting receipt of these gifts.
  - 5. Gifts of software are to be received only upon written approval of the College President or designee and the Foundation Executive Director.



C. Valuation

1. For donations valued in excess of \$5,000 the donor is responsible for acquiring a qualified appraisal. The donor should submit an appraisal with the Gift-in-Kind form.
2. Donors are responsible for determining the value of donated tangible property with values of less than \$5,000 for purpose of charitable deductions related to their personal tax filings.
3. Gifts of software are to be valued according to the following College policy:
  - a. Book the educational discount price, which is the price the college would have paid for the product using its educational discount if applicable.
  - b. Only the license value (using the educational discount if applicable) of the software is to be booked. The number of seats is not to be considered in determining the value.
  - c. Any fee charged to the campus or department for the license is to be deducted from the total gift value booked.
  - d. No software gift should be booked for more than three years when received as a multi-year gift.
  - e. If the donor provides IRS Form 8283, book the gift according to the Form, unless the amount is known to be more than the educational discount.
4. The acceptance of a gift does not indicate the Foundation's or the College's agreement with the valuation provided by the donor or the appraisal.

D. Resale or Usage

1. If donated property in excess of \$5,000 is sold, exchanged or otherwise disposed of within two years of receipt, an information return must be filed with the IRS by the Foundation.
2. The department utilizing the donated property is responsible for arranging transfer, receipt, and maintenance and storage of the equipment.

**Gifts of Real Property**

- A. Prior to acceptance, gifts of real property must:
1. Have a completed and satisfactory title search for residential property and a satisfactory Phase I Environmental Site Assessment for commercial and other non-residential property.



2. Include a recent, qualified appraisal no older than six months.
  3. Be approved in writing by the College President where the amount of the property transaction is \$250,000 or more.
- B. Acceptance  
Gifts of real property are accepted only upon approval in writing by the College President or designee and the Board, based upon the outlined criteria for acceptable property and based upon a reasonable plan to use, resell, or otherwise convert the property to a usable asset.
- C. Generally, real property gifts which are not acceptable include:
1. Property with no resale value or that is not eminently resalable.
  2. Property that is mortgaged or in some other way indebted or if it would incur unreasonable or unacceptable expenses or risks once accepted.
- D. Valuation
1. Property will be accepted at the appraised value as of the date of acceptance based upon the qualified appraisal no older than six months.
  2. The College and the Foundation have no responsibility for affixing value to any gift on behalf of the donor. The donor will bear the costs of the qualified appraisal.
- E. Resale or Usage.
1. Property to be held.
    - a. Property intended to be held must be held as a College or Foundation asset.
    - b. Its use must be implemented within the guidelines of the Campus Master Plan or the Foundation's Business Plan.
  2. Property to be sold
    - a. All property to be sold will be sold by the Foundation, the Office of Fund Development or a selected agent.
    - b. Costs of the sale of property will be deducted from the sale proceeds.
    - c. If property is accepted in trust, the donor may be asked to make additional gifts to cover any additional costs that cannot be deducted from the sale proceeds.

### **Gifts of Securities, Limited Partnerships and Other Intangible Property**

- A. Acceptance  
Gifts of securities meeting the criteria below will be accepted:



1. Gifts of readily marketable (publicly traded) securities.
2. Gifts of securities which are not readily marketable (publicly traded) under the following conditions:
  - a. Gifts of closely held corporate stock will be accompanied by a qualified appraisal of the stock's value as supplied by the donor.
  - b. The stock's sale can only be restricted for the length of time agreed upon by the College and the donor at the time of the gift.
  - c. Gifts of bonds and other securities or papers that require a "holding" period or have a maturity date will be accepted.

Gifts of securities meeting the criteria below will not be accepted:

1. Securities which could create a liability to the College or the Foundation.
2. Securities which, by their nature, may not be assigned (e.g., series "E" bonds).
3. Securities which, upon investigation, have no apparent value.

**B. Valuation**

1. Gifts of readily marketable securities will be valued in accordance with IRS code and regulations.
2. Gifts of securities which are not readily marketable will be valued based upon the qualified appraisal supplied by the donor as of the day of acceptance and in accordance with IRS code and regulations.
3. Resale or usage
  - a. Gifts of readily marketable securities will be converted to cash as soon as possible. If market conditions at the time of the gift favor holding the instruments until a more appropriate time for liquidation, Board approval must be obtained.

**Gifts of Life Insurance**

- A. Prior to acceptance of donations of insurance policies naming the Foundation as owner or beneficiary, the following information about the proposed donation must be provided.
1. Description of the type of life insurance policy
  2. Face value
  3. Premium payment schedule
  4. Interest or dividend rate
  5. Age of insured(s)
  6. Purpose of gift



- B. In general, insurance policies must meet the following conditions:
1. Insurance with cash value, which is fully paid up:
    - a. Donor must agree for policy to be cashed in immediately for its cash surrender value.
    - b. The Foundation must be named the owner (not just beneficiary) of the policy.
  2. Insurance with cash value, which is partially paid on or which no payments have been made at the time of the gift:
    - a. Gift must have a cash value of at least \$1,000.
    - b. The Foundation must be named as the beneficiary.
    - c. Donor must make a written pledge to continue paying the premiums on the policy.
    - d. If no payment is received from the donor within sixty (60) days of the premium due date, the Foundation shall determine whether to continue the policy in force or surrender for its cash value.
  3. Term life
    - a. The Foundation must be named as the owner or beneficiary.
    - b. Donor must make a written pledge to continue paying the premiums on the policy.
    - c. If no payment is received from the donor within 30 days of the premium due date, the Foundation may continue to pay premiums on the policy at its option or the policy will be allowed to lapse.
- C. Acceptance  
Gifts of life insurance will be accepted upon written approval by the College President or designee and the Foundation Executive Director.
- D. Valuation
1. College recognition will be given equal to annual premiums made by donor if the Foundation owns the policy.
  2. The value of paid-up life insurance gifts will be recorded and reported at cash surrender value rather than face value of the policy, in accordance with Council for the Advancement and Support of Education/ National Association of College and University Business Officers guidelines.

### **Charitable Remainder Trusts (Unitrust, Annuity Trust, Lead Trust)**

- A. Acceptance  
Charitable remainder trusts (unitrust, annuity trust, lead trust) are acceptable under the following conditions:
1. When the gift's vehicle irrevocably transfers the remainder interest of the asset's value to the MiraCosta College Foundation upon the following:



- a. Death of the named income beneficiaries
    - b. End of a specified term of no more than 20 years
  2. Donor can name himself or herself and/or others as income recipients, with payments payable concurrently or consecutively.
  3. Donor cannot stipulate in the trust agreement that the original assets placed in the trust be retained for the life of the trust.
- B. Minimum Funding Level
1. The minimum suggested amount to establish a charitable remainder trust shall be \$100,000.
  2. Should other factors indicate an exception would be in the best interests of the College or the Foundation, the amount of the initial gift may be less than \$100,000 with prior College President and Board approval.
- C. Minimum Age Levels
1. The minimum age of beneficiaries of all life income gifts is 55 years of age at the time payments begin.
  2. For trusts of terms of years, the minimum age requirement and payment rate are subject to negotiation with acceptance by the College President and the Foundation Executive Director.
- D. Rate of Payment
1. The fixed percentage cannot be less than the amount allowed by current IRS code and regulations and is established when the trust is created and cannot be changed. The maximum payment limitations are dependent upon the ages of the beneficiaries, types of trust, anticipated investment strategy and prevailing economic conditions.
  2. The fixed percentage rate can be suggested by the donor but is subject to negotiation. However, rates higher than 8 percent require College President or designee and Board approval.
  3. The Foundation will periodically review the administration and income distribution activities of charitable trusts.
  4. There shall be no more than two generations of income beneficiaries.
- E. Funding Assets
1. Gifts of cash and appreciated securities are appropriate for these charitable trusts.
  2. Gifts of real estate or other non-liquid assets may be appropriate when the net income from the real estate or other non-liquid assets exceeds the required payout or when the trust document incorporates make up provisions.