

# GIFT ACCEPTANCE POLICY

<b>Revision Approved:</b>	January 2020, President's Cabinet
<b>Related Policies:</b>	Smith College Endowment Investment Policy Statement (approved October 2009) Named Fund Minimums Policy (approved March 2010, revision sought Feb 2020) Naming Policy (approved January 2011, revision sought Feb 2020)
<b>Other Information:</b>	Gift Acceptance Procedures
<b>Office Responsible:</b>	Alumnae Relations and Development
<b>Administrator Responsible:</b>	Senior Vice President for Alumnae Relations and Development

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## Introduction

Smith College educates women of promise for lives of distinction and purpose. A college of and for the world, Smith links the power of the liberal arts to excellence in research and scholarship, thereby developing engaged global citizens and leaders to address society's challenges.

The Office of Alumnae Relations and Development seeks to further the mission of Smith College through the solicitation, acceptance, and administration of gifts of various kinds. In pursuing and facilitating such gifts, the Office of Alumnae Relations and Development shall maximize the benefit to Smith College by acting in accordance with the policies established herein, and shall foster and steward relations so as to make the experience of donors and prospective donors as pleasant and rewarding as possible.

Any exceptions to these policies must be approved by the Senior Vice President for Alumnae Relations and Development in consultation with the Vice President for Finance and Administration and other appropriate officers of the college as needed.

## Scope

This policy applies to all charitable gifts offered to Smith College by any individual, couple or organization (formal or informal).

## Policy

### I. General

All fundraising programs shall be conducted in a manner that does not conflict with any academic or administrative policies, and that protects the interests of Smith College. Concurrently, the interests of each donor shall be protected, and Smith shall not knowingly enter any arrangement which would jeopardize the donor's interest or contradict the donor's intent.

Gifts shall be made to the college (not to an individual faculty or staff member or student) and shall be consistent with IRS rules and regulations governing charitable gifts.

The Office of Development, in the management and reporting of gifts to Smith College, shall be guided by the standards of accounting and reporting established by the Council for Advancement and Support of Education (CASE). Annual fundraising reports shall conform to the format used in the Council for Aid to Education's (CAE) annual survey of Voluntary

Support of Education (VSE) and shall be reconciled with Smith College accounting totals as approved by the Controller or their delegate. Additional reporting requests will take into account CASE and CAE guidance, along with Smith business needs and be crafted in consultation with the Controller or their delegate, being reconciled as appropriate.

## **1. Gift Policy Committee**

A Gift Policy Committee serves to interpret existing college policy in regards to charitable gifts and related matters. The Gift Policy Committee has authority to interpret the Gift Acceptance Policy, Named Fund Minimums Policy and Naming Policy and to provide leadership and governance where judgment is required by the complexity of the situation or because the specific instance is not clearly spelled out in current policy.

The Gift Policy Committee will consist of the Senior Vice President for Alumnae Relations and Development, the Vice President for Finance and Administration, the Controller, the Associate Vice President for Finance, the Associate Vice President for Development, the Director of Gift Planning and the Senior Director for Advancement Services. Other senior administrators can be brought in on a case by case basis as appropriate. Other staff may be asked to attend meetings to provide necessary information about the donation or honorific being reviewed.

The role of the Gift Policy Committee as it relates to fund minimums and naming is articulated in the Named Fund Minimums Policy and the Naming Policy. The role of the Gift Policy Committee as it relates to gift acceptance is to review proposed Gifts-In-Kind and other complex assets to Smith College. The committee will represent the college's interest in evaluating the gift for a use related to the college's mission. Gifts that fall under this committee's review include tangible personal property, real property, life insurance, and other complex assets. The category "other complex assets" can include, but is not limited to, intellectual property, partnership interests, and restricted or non-publicly traded securities. The Committee reviews potential gifts utilizing the criteria set forth below.

**Market Value and Marketability.** The Gift Policy Committee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the college would receive if the proposed gift were approved. Gift officers will inform the donor that, if the gift is completed, the IRS will generally require a qualified independent appraisal made within sixty days of the date of gift. In the event that there is no immediate use for the proposed gift, the appraisal and other information must indicate clearly and convincingly that there is a market for the asset under consideration and that the asset can be sold within a reasonable period of time.

**Limitations and Encumbrances.** The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in such property will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the college's interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the college has been executed by a financially responsible party.

**Carrying Costs.** The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.

The Gift Policy Committee has delegated review of the following gifts types to the following responsible parties: gifts of real property are reviewed by the Controller's Office, gifts of books and collections for the library are reviewed by appropriate Library staff, works of art are reviewed by the Museum's Curatorial Council, and in-kind gifts to the Botanic Garden are reviewed by the Director of the Botanic Gardens.

## **2. Policy on Confidentiality of Information**

Smith is committed to protecting the privacy of people whose personal information is held by the college through responsible information management. This includes information on constituents (alumnae, donors and potential donors) that is held by the Smith College Office of Development. Confidential information about Smith College constituents as well as confidential college information in oral form or on electronic, magnetic, or print media is protected to foster a trusting relationship between the constituent and the institution. In response to this trust, the college requires adherence to the college's Code of Conduct and particularly its statement of confidentiality. This policy applies to all employees, including part-time, temporary, contractual, and student employees, paid and unpaid interns, and agents of the college who assist in the college's fund-raising and alumnae outreach mission. Each person with access to confidential information is personally responsible for the protection of it.

## II. Prohibited Gifts

Smith College reserves the right not to accept a proposed gift for reasons including, but not limited to, the following:

The gift or gift transaction involves an illegality.

The gift or gift transaction in some manner conflicts with Smith policies or with Smith's mission.

The benefit of the gift is outweighed by the potential of negative publicity for Smith that would result from the transaction.

The gift or gift transaction inhibits Smith from seeking donations from other donors.

The benefit of the gift is insufficient to offset the extent of administrative and/or legal effort involved.

The donor, or other prohibited party, wishes to exert control over how the donated funds are used beyond the gift agreement.

## III. Accepted Gifts

### 1. Cash

Gifts in the form of cash, checks, credit cards, wire transfers and ACH transactions will generally be accepted as long as they conform to all Gift Acceptance Policies. Gifts will be credited and receipted to the legal donor. Recognition credit can be provided as appropriate.

Checks are to be made out to Smith College or our legal name, The Trustees of the Smith College. In no event shall a check be made payable to an employee, agent or volunteer who represents Smith College.

### 2. Bequests and Estates

Donors interested in discussing a potential bequest gift should contact the Office of Gift Planning at 413-585-2051, [planned\\_giving@smith.edu](mailto:planned_giving@smith.edu), or Smith College, 33 Elm Street, Northampton, MA 01063.

Realized bequests which adhere to the Gift Acceptance Policy are accepted by the Controller's Office. Smith College reserves the right to disclaim certain assets proposed for distribution from an estate when inconsistent with these policies. Executors and attorneys in the process of distributing estates should contact the Smith College Controller's Office at 413-585-2200, [bequests@smith.edu](mailto:bequests@smith.edu), or College Hall 204, 10 Elm Street, Northampton, MA 01063.

### 3. Gifts-In-Kind

All gifts-in-kind except for marketable securities require a Deed of Gift form. Please contact the Office of Gift Planning at 413-585-2051, [planned\\_giving@smith.edu](mailto:planned_giving@smith.edu), or Smith College, 33 Elm Street, Northampton, MA 01063 for assistance.

Gifts-In-Kind with a value less than \$5,000 shall be recorded on the college's financial records at the donor's estimated value or at fair market value if independent verification of that value of the gift is provided. Independent verification may include written qualified independent appraisal of the donated property in accordance with IRS regulations, a vendor's invoice indicating the item's cost to the vendor in order to substantiate the fair market value of the goods donated or the donor's original purchase price.

Gifts-In-Kind with a value exceeding \$5,000 shall be recorded on the college's financial records at the appraised value. The Gift Policy Committee shall request the donor to provide a copy of the qualified written appraisal of the donated property in accordance with IRS regulations in order to substantiate the fair market value of the goods donated.

#### A. Marketable securities

Securities which are traded on any recognized stock market and are readily marketable shall be accepted by Smith College and immediately sold. In the case of a multimillion dollar donation of securities, the Treasurer may choose

to extend the timeline for liquidating the asset to ensure an orderly transaction. Securities gifts will be valued for recognition value and for Smith College records based on the fair market value on the date the college takes possession of the security, in accordance with IRS regulations. The college prefers to only open new accounts, as is required for some mutual fund assets, to accept gifts with a market value of \$25,000 or more. (Restricted or non-publicly traded securities will be reviewed by the Gift Policy Committee.)

B. Tangible personal property

Gifts of tangible personal property (books, paintings, musical instruments, etc.) can be accepted if they further the mission of Smith College. The Gift Policy Committee may, at their discretion, choose to accept a gift of tangible personal property that is readily marketable for the purpose of liquidating the asset. Property for the use of the college with an appraised or estimated fair market value of less than \$500 may be accepted by the receiving department in consultation with a Development Officer. Gifts of property valued at \$500 or more must be approved by the Gift Policy Committee.

C. Gifts of service

Gifts of services, while often considered helpful to the mission of the college, are not considered charitable gifts by the IRS and cannot be recorded or receipted by the college.

D. Donations in Lieu of Reimbursement

A Smith College volunteer may choose to submit for reimbursement those expenses the college would have otherwise expended. The volunteer may then choose to give an equal amount to the college in a separate transaction.

Alternately, volunteers can choose not to submit a request for reimbursable expenses. In this case, volunteers may save their receipts and consult with a tax advisor to determine whether the expenses are deductible as charitable on their tax returns. Upon request, and at its discretion, the college will provide volunteers with a letter acknowledging their non-reimbursed expense, but with no dollar amount specified, which the volunteer may use to substantiate their donation.

E. Gifts of Materials to the Libraries

Gifts of books and other materials have greatly enriched the Smith College Libraries' collections. Generally, only pre-approved gifts that meet the curricular and research needs of the college will be accepted. Please review the current Library specific gift acceptance policies online at [www.smith.edu/libraries/friends/about/gifts](http://www.smith.edu/libraries/friends/about/gifts)

F. Gifts of Art

The Smith College Museum of Art generally accepts gifts of art for its permanent collection. Gift offers are reviewed by the Curatorial Council, which considers the quality of the work, its appropriateness to the Museum's holdings and value for teaching purposes, and the artwork's provenance (its history of legal ownership). Please review the current SCMA specific gift acceptance policies online at [www.smith.edu/artmuseum/membership-matters/give](http://www.smith.edu/artmuseum/membership-matters/give)

G. Gifts to the Botanic Garden

Using the Landscape Master Plan and the Collections Policy as a guide, the Director prioritizes the needs for the Botanic Garden. To learn more about current opportunities and guidelines, please visit <http://www.smith.edu/garden/Giving/donations.html>

H. Life Insurance

All gifts of life insurance must be reviewed by the Gift Policy Committee. While not encouraged, the college will generally accept gifts of life insurance as long as the college is named as owner and beneficiary of the policy. In

addition, the college shall request a copy of the contract and a current vanishing in-force illustration for its review. If a policy is not fully paid, the college should also request a second illustration assuming a 1-2% reduction in interest or dividend rates.

If a policy is a “vanishing premium” policy, then the gift officer shall clarify with the donor the risk of “reappearing premiums” if assumed interest rates or dividends decrease. Often premiums vanish only to reappear later when an economic environment becomes less favorable. Annual illustrations shall be requested for these types of policies.

The college may choose whether to continue making premium payments, with offsetting gifts from the donor, or to surrender a policy for cash. Smith College prefers that the college pay the premiums when notices come to the college as owner, with the donor then making a gift to the college in the amount of the premium. This process will maintain a clear audit trail for the substantiation of gifts. The college will not give Smith Fund credit for funds used to offset a premium.

The donor is be responsible for obtaining a qualified appraisal if the gift was valued at greater than \$5,000, per IRS regulations.

#### **4. Gifts Of Real Property (Real Estate)**

The college will consider gifts of real property including single- and multi-family residences, condominiums, cooperative apartments, apartment buildings, and other income-producing property, farms and ranches, and possibly other real estate assets as well. The college will also accept partial interests in such real estate, provided that such interests can be readily sold. Smith College will consider outright gifts of real property as well as gifts subject to a retained life estate, gifts for a charitable remainder trust, gifts in exchange for a charitable gift annuity, and bargain sale gifts after assessing the expenses and risks associated with receiving a gift of property in comparison to the value of the gift to the college. Where appropriate, the college will seek to use option agreements and other mechanisms to minimize holding costs and liquidity risk when accepting gifts of real property. Donors considering real estate gifts will be asked to understand that the college must pay special attention to environmental liability risks, marketability risks, and the possible costs of holding real estate pending sale.

As a rule the college will not accept gifts of time shares or cemetery plots. The College prefers to not accept real estate gifts subject to mortgages or liens, but exceptions could be made (provided the mortgage is assignable) if the property has sufficient value in relation to the debt it carries.

The college retains the right to refuse a gift during negotiations without incurring cost or liability. Possible exposure to environmental liability and possible challenges in marketing the property could be reasons for such a refusal to consider a gift.

When considering potential gifts of real estate, the college will take into account all expenses it might incur, and will project likely net proceeds to come to the college, whether by way of an outright gift or a deferred gift. The net value of the gift to the college – taking into account all appropriate expenses -- discounted to present value (today’s dollars), should be at least \$50,000 for the college to consider the gift.

The general practice of the college is to sell all gifts of real estate as soon as possible at the best price obtainable under current market conditions.

##### **A. Gifts of Property Subject to a Retained Life Estate**

The College may accept a gift of a residential property (not limited to one’s primary residence) or agricultural property for which the donor (and up to one additional party) retains a life interest, or an interest running a fixed number of years. Gifts of property subject to a retained life estate will generally be considered only when the parties retaining a life interest are at least 70 years of age. Life estate donors will be required to enter into a written agreement with the College outlining their ongoing responsibilities for all routine costs and expenses associated with owning and maintaining the property, including property taxes, insurance, assessments, repairs, and maintenance. The agreement will also address the donor's right to lease the property to a third party, and will describe a basis for allocating capital improvements between the life tenant and the College. It will also address such issues as the possible incapacity of the life tenant and the possibility that the life tenant might vacate the property. All involved must understand that a retained life estate arrangement involves a close, long-term relationship between the College

and the life tenant/tenants. Annual visits and informal property inspections by College representatives should be conducted, with the projected cost of such visits considered in the College's initial gift acceptance deliberations.

**B. Partial interest gifts of real estate**

When a donor is preparing to sell a property, the College will consider accepting a gift of an undivided (fractional) interest in the real estate prior to its sale, provided the property passes all other requirements of these policies (including due diligence inspections). A legal agreement must exist with the other owners regarding ultimate disposition of the property.

Development staff should be aware that if a property owner is preparing to list an appreciated property for sale, donating a fractional interest to the College prior to the sale could be a simple and tax-effective way to structure a substantial gift. The charitable deduction generated by such a gift can sometimes largely offset the capital gain realized by the donor in the subsequent sale of the property.

**C. Charitable Gift Annuities funded with Remainder Interests in real estate**

In certain instances the College would consider issuing a Charitable Gift Annuity in exchange for a gift of property subject to a retained life estate. To consider such a possibility the College would need to determine that its investment in gift annuity payments over the years would yield a sufficient return upon the termination of the life estate as to warrant use of College resources for such a purpose. The College would make conservative estimates of the life span of the annuitants and of a likely sales price in conducting such an analysis.

**5. Planned Gifts**

**A. Charitable Gift Annuities**

An income beneficiary must be sixty (60) years old in order to be issued an immediate charitable gift annuity. Deferred payment gift annuities will be issued to donors of any age who are interested in deferring payments until age 60 or later. The minimum amount for a charitable gift annuity is \$10,000. Donors with existing Smith College annuities may be issued additional annuities at a minimum amount of \$5,000.

Typically cash and marketable securities will be accepted to fund a charitable gift annuity. In some cases, the college will accept gifts of real property in exchange for a gift annuity. In those cases, the college follows all policies for acceptance of real property, including use of option agreements where appropriate. Often, the donor will be asked to defer receipt of annuity payments for one or more years. In addition, if a gift annuity is issued in exchange for a gift of real property, the annuity rate offered is discounted at the discretion of the Vice President for Finance in order to compensate the college for the uncertainty of the time period required to sell, the time period to realize proceeds from the sale and to cover the costs associated with marketing and selling the property

**B. Pooled Income Funds**

An income beneficiary must be fifty (50) years of age to participate in either Smith's Income-Oriented or Smith's Growth-Oriented Pooled Fund. In the case of a two-life arrangement, the college allows for the survivor beneficiary to be somewhat younger, typically no younger than age 45. The minimum for a new pooled income fund gift is \$10,000, and additions to the fund may be made in minimum amounts of \$5,000.

Cash and marketable securities are accepted into either pooled income fund with the exception of municipal (tax-free) securities which by law cannot be accepted or held by a pooled income fund trust. Real property or tangible personal property is not acceptable in a pooled fund since the assets are not readily liquid and cannot immediately generate income.

### C. Charitable Remainder Trusts

There is no minimum age for the beneficiary of a Smith College charitable remainder trust. The college reviews each proposed trust taking into consideration the age of the beneficiary(ies), the payout rate and the effects both have on remainder value. A remainder value of 25% or more is expected. Additions may be made to unitrusts in any amount, while annuity trusts, by law, cannot accept additions.

Smith College will give gift credit for the portion of a charitable remainder trust held outside of the college for which the college is named as irrevocable beneficiary. The College will consider drafting a trust document using the college's retained legal counsel, or serving as trustee,(including when there are multiple remainder beneficiaries) when the estimated present value of the college's remainder interest is at least \$100,000.

Cash, marketable securities and un-mortgaged real property are all acceptable in a charitable remainder trust. In the case of real property, a Net Income with Makeup Unitrust or a Flip Trust can be used in order to allow time for the trustee to sell the property and reinvest the proceeds in an income-producing asset. A donor is asked, when funding a trust with real property, to make an additional cash gift(s) to the trust to cover insurance, maintenance and taxes on the property for as long as the trustee feels it will reasonably take to sell the property. When such a trust is to be funded with real estate, there are several options for trusteeing the trust: BNY Mellon, the donor or their attorney, or, in some instances, the College itself.

## 6. Matching Gifts

Smith College accepts gifts from companies which sponsor matching gift programs for their employees or former employees. Any matching gift received is used for the same purpose as the original gift unless limitations are imposed by the issuing company/foundation that prohibit an identical use.

## IV. Gift Administration

### 1. Endowed Funds

#### A. General Information

Endowed funds are held in perpetuity, with the principal invested for long-term growth. The use of the income from endowed funds may be either unrestricted or restricted to a specific purpose. Income is determined by a spending policy set by the board of trustees and reviewed annually, please see 'Smith College Endowed Investment Policy Statement' for more information (available upon request).

Use of the income must meet the restrictions set forth in the fund description. For that reason, fund descriptions must be written with care, preferably including as few restrictions as possible. When writing fund descriptions, it is important to consider whether the fund will still be useful 100 years from now. All new or updated fund agreements will include the Smith College contingency clause which provides the board of trustees the power to adjust fund agreements should they become impractical to administer in the future.

Many endowed funds underwrite departmental budgets, in which case they are not available to fund new expenses. For example, a new scholarship fund will neither bring an additional financial aid student to Smith nor increase the college's financial aid budget. The college may increase the budget by some amount, in recognition of the new endowed fund, especially if the fund is particularly large.

Income which is not used during one year will accumulate for use in the future unless the gift instrument dictates otherwise. For example, a lecture fund which generates \$5,250 per year will accumulate about \$15,750 if not used for three years. That amount may be used to pay a particularly distinguished lecturer.

## **B. Reaching the Endowed Fund Minimum**

The minimums to establish a named endowed fund at Smith College are set by the board of trustees. Please see the Named Fund Minimums Policy for more information (available upon request).

If a donor is interested in reaching the fund minimum over time, a statement of intent form must be completed at the time of the initial gift. This statement of intent is to be approved as part of the fund agreement.

The college will generally not accept new endowments where fundraising is required to reach the fund minimum. However, if such a fund is approved, the fund agreement must include a deadline for reaching the minimum and a contingency clause indicating how the fund will be utilized if the endowed fund minimum is not reached (spent out for the restriction indicated, or transferred to another fund, etc.).

Planned gifts may be used to create endowed funds under certain circumstances. If the fund is to be used for financial aid, and the amount of the planned gift at least meets the fund minimum at the time the gift is recorded (For example, at the time a bequest intention is documented; or an annuity or other life-income gift is funded), then the fund shall be deemed to have met the endowed fund minimum, even if the realized proceeds of the gift do not meet the minimum as of the date the gift is realized. However, for other types of funds (such as professorships, research funds, programmatic funds, etc.) the endowed minimum shall only be deemed to have been met after consideration on a case-by-case basis by the Gift Policy Committee.

## **2. Expendable Funds**

Expendable Funds are those funds that will be expended over a set time period, often one to three fiscal years. The minimums to establish a named expendable fund at Smith College are set by the board of trustees. Please see the Named Fund Minimums Policy for more information (available upon request). Any requested named expendable fund not addressed in the Named Fund Minimums Policy will be determined commensurate with the nature of the program/scholarship to be supported and will require the approval of the Gift Policy Committee after consultation with the any other appropriate senior administrator.

## **3. Naming Guidelines**

Smith College naming guidelines are established and reviewed by the board of trustees. Please see 'Naming Guidelines' for the most recent policies and procedures.

## **4. Gift Date Policy**

Smith College does not record a gift date for contributions received. Smith records a date processed to reflect when the college has taken possession of the asset and recorded it for our internal purposes. Donors are encouraged to consult their personal tax advisor for guidance on how to record a gift for tax deduction purposes.

## **V. Pledge Policies**

### **1. General**

For pledges of \$50,000 or greater, Smith College strongly prefers a written Statement of Intent (or similar written documentation) signed by the donor, which includes a specific dollar amount, gift designation(s) and fixed time schedule.

For pledges under \$50,000, email documentation with the donor or some other non-signed documentation (like direct mail reply form or staff documentation of a conversation) is considered sufficient.

Pledges are typically booked with payment schedules of up to five years.



## **2. Bequest Intentions**

Bequest intentions will be recorded for donors in their 50<sup>th</sup> reunion cycle (46th year post graduation) or older, and for others (Ada Comstock Scholars, graduate alumnae, and non-alumnae) age 67 or older under the following conditions: the donor documents a non-contingent bequest intention of \$10,000 or more for Smith College by signing a Bequest Recognition form; and the donor provides a copy of the relevant provision of their will or trust, a copy of their beneficiary designation form, or other third party confirmation. Credit will be discounted depending upon the age of the donor according to the following schedule: Donors in their 50th reunion cycle will receive 50% credit, donors in their 55th reunion cycle will receive 55% credit, 75<sup>th</sup> reunion will receive 75% credit, etc. Credit for Ada Comstock Scholars, graduate alumnae, and non-alumnae will be discounted depending upon the age of the donor according to the following schedule: ages 67 to 72 will receive 50% credit, ages 73 to 77 will receive 55% credit, ages 78 to 82 will receive 60% of documented bequest intention, etc. These bequest intentions will be counted for reunion recognition and fundraising totals. The college will consider recording bequest intentions of any type of asset which would otherwise satisfy the college's gift acceptance policies, including but not limited to: cash, art, retirement plans, real estate, etc.

## **3. Smith Fund**

Smith Fund pledges are typically recorded for the current fiscal year and typically paid in the current fiscal year. Any Smith Fund pledge that is not established specifically as a multi-year pledge and is not paid by the end of the fiscal year is written off. Any exceptions must be approved by the Smith Fund Director.

## **VI. Student Fundraising**

All students interesting in fundraising for a Smith College club, organization or other campus purpose must do so under the supervision of the Office of Student Engagement and must adhere to the policies and procedures of that office. The only exception made is the Senior Campaign of the Smith Fund which occurs under the supervision of Smith Fund staff.