

NORTHWEST FOUNDATION

GIFT ACCEPTANCE POLICY

Introduction

Northwest Foundation, Inc., a Missouri nonprofit corporation (hereinafter referred to as "Northwest Foundation"), encourages the solicitation and acceptance of gifts to Northwest Foundation and to Northwest Missouri State University (hereinafter referred to as the "University") for purposes that will help Northwest Foundation and the University to further and fulfill their missions and purposes, including development and stewardship of philanthropic resources for the benefit of the University and its students. Established in 1971, Northwest Foundation operates independently of the University as a separate 501(c)(3) nonprofit corporation governed by its own Board of Directors (the "Board").

The following policies and guidelines govern acceptance of gifts made to Northwest Foundation or for the benefit of any of its programs:

I. Purpose of Policies and Guidelines

Northwest Foundation solicits current and deferred gifts from prospective donors, including individuals, associations, corporations, foundations, limited liability companies, partnerships, and trusts to secure the future growth and missions of Northwest Foundation and the University. These policies and guidelines govern the acceptance of gifts by Northwest Foundation and provide guidance to prospective donors and their advisors when making gifts to Northwest Foundation. The provisions of these policies, in conjunction with the Northwest Foundation Naming Policy, will apply to all gifts received by Northwest Foundation.

II. Use of Legal Counsel

Northwest Foundation seeks the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by legal counsel is recommended for:

- 1) Closely held stock transfers that are subject to restrictions, buy-sell agreements, or other encumbrances.
- 2) Documents naming Northwest Foundation as Trustee.
- 3) Gifts involving contracts, such as bargain sales or other documents requiring Northwest Foundation to assume an obligation.
- 4) Transactions with potential conflicts of interest that may invoke IRS or other sanctions.
- 5) Gifts of real estate.
- 6) Other instances in which use of legal counsel is deemed appropriate by Northwest Foundation's Gift Acceptance Committee.

III. Conflicts of Interest

Northwest Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

IV. Restrictions on Gifts

Northwest Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. Northwest Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the Northwest Foundation corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission, purposes or priorities of Northwest Foundation. Additionally, Northwest Foundation will not accept a gift if it will potentially jeopardize Northwest Foundation's tax exempt status or violate any local, state or federal laws. All final decisions on a restricted gift (including the acceptance or refusal of such restricted gift) will be made by the Gift Acceptance Committee of Northwest Foundation.

V. The Gift Acceptance Committee

The Gift Acceptance Committee of Northwest Foundation will consist of:

- 1) Executive Director of Northwest Foundation;
- 2) Foundation Finance Officer of Northwest Foundation;
- 3) A member of the Board's Finance Committee; and
- 4) A member of the Board's Governance Committee.

The Gift Acceptance Committee is charged with the responsibility of reviewing gifts made to Northwest Foundation, properly screening and accepting those gifts, and making recommendations to the Board or Executive Committee on gift acceptance issues when appropriate.

VI. Types of Gifts

The following gifts to Northwest Foundation are acceptable:

- Cash
- Tangible Personal Property
- Public Traded Securities
- Closely Held Securities*
- Real Estate*
- Remainder Interests in Property*
- Oil, Gas, and Mineral Interests*
- Intellectual Property Rights

- Bargain Sales*
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trusts*
- Charitable Lead Trusts*
- Retirement Plan and Other Beneficiary Designations
- Bequests

* Gifts for which the Gift Acceptance Committee and legal counsel for Northwest Foundation will be consulted.

It is recommended that all gifts, except cash and publically traded securities, valued at \$5,000 or above should be valued by a qualified appraisal at the donor's expense.

The following criteria govern the acceptance of each gift form:

1) **Cash.** Cash is acceptable in any form. Checks should be made payable to Northwest Foundation, Inc. and may not be made payable to any individual representing Northwest Foundation.

2) **Tangible Personal Property.** With certain exceptions as noted below, gifts of tangible personal property must be documented using The Northwest Foundation / Northwest Missouri State University Gifts-In-Kind Agreement (see Appendix A). A University representative signature on the Gifts-in-Kind Agreement form confirms that the University desires to take possession of the gift property upon acceptance and recording of the gift by Northwest Foundation. The following are exceptions and do not require the aforementioned form:

- Gifts intended for use in auctions, raffles or other fundraising activities.
- Gifts of merchant gift cards.
- Gifts of wood chips, paper and cardboard made directly to the University.

3) **Publicly Traded Securities.** Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Board's Finance Committee. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities will be made by the Gift Acceptance Committee of the Northwest Foundation.

4) **Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the

Gift Acceptance Committee of Northwest Foundation. However, gifts should be reviewed prior to acceptance to determine:

- there are no liens or restrictions on the security that would prevent Northwest Foundation from converting those assets to cash;
- the security is marketable; and
- the security will not generate any undesirable tax consequences for Northwest Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Gift Acceptance Committee of the Northwest Foundation and legal counsel will make the final determination on the acceptance of closely held securities. Every effort will be made to sell closely held securities as quickly as possible.

5) Real Estate. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, Northwest Foundation may require an environmental review of the property in regard to any environmental issues, which review may include engaging a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit will generally be an expense of the donor. When appropriate, title insurance coverage will be obtained by Northwest Foundation prior to the acceptance of the real property gift, the cost of which will generally be an expense of the donor. Prior to acceptance of the real property, the gift should be approved by the Gift Acceptance Committee of Northwest Foundation and by Northwest Foundation's legal counsel. Criteria for acceptance of the property may include:

- Is the property useful for the mission or purposes of Northwest Foundation?
- Is the property marketable?
- Are there any liens, restrictions, reservations, easements, or other encumbrances or limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect any environmental issues?

6) Remainder Interests in Property. Northwest Foundation will accept a remainder interest in a personal residence, farm, or vacation property. Prior to acceptance of the remainder interest, the gift should be approved by the Gift Acceptance Committee of Northwest Foundation and by Northwest Foundation's legal counsel. Criteria for acceptance of the property may include:

- Is the property useful for the purposes of Northwest Foundation?
- Is the property marketable?
- Are there any liens, restrictions, reservations, easements, or other encumbrances or limitations associated with the property?

- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does an environmental audit or review reflect any environmental issues?

The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, Northwest Foundation may use the property or convert it to cash. Where Northwest Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

7) Oil, Gas, and Mineral Interests. Northwest Foundation may accept oil, gas and mineral interests, when appropriate. Prior to acceptance of the oil, gas or mineral interest, the gift should be approved by the Gift Acceptance Committee of Northwest Foundation and by Northwest Foundation's legal counsel. Criteria for acceptance of the property may include:

- Gifts of surface rights should have a value of \$10,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$1,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The interests should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.
- Are there any liens, restrictions, reservations, easements, or other encumbrances or limitations associated with the interests?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the interests?
- The interests and related property should undergo an environmental audit or review to determine any environmental issues.

8) Intellectual Property Rights. Northwest Foundation may accept intellectual property rights, such as copyrights, trademarks and patents, when appropriate. Prior to acceptance of any intellectual property rights, the gift should be approved by the Gift Acceptance Committee of Northwest Foundation and by Northwest Foundation's legal counsel. Criteria for acceptance of intellectual property rights may include:

- Gifts of intellectual property rights should generate or be reasonably expected to generate at least \$1,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The intellectual property rights should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- The intellectual property rights should not be subject to any liens, restrictions, reservations, easements, or other encumbrances or limitations.

- Any carrying costs, which may include development and licensing costs, insurance, property taxes, mortgages, or notes, etc., associated with the intellectual property rights should be determined and reviewed.
- The intellectual property rights should undergo a review to determine the likelihood of any infringement liability.

9) **Bargain Sales.** Northwest Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of Northwest Foundation. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee and approved by the Board. Factors used in determining the appropriateness of the transaction include:

- Northwest Foundation must obtain an independent appraisal substantiating the value of the property.
- If Northwest Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- Northwest Foundation must determine that it will use the property, or that there is a market for sale of the property (allowing sale within 12 months of receipt).
- Northwest Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

10) **Life Insurance.** Northwest Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, Northwest Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, Northwest Foundation may:

- continue to pay the premiums;
- convert the policy to paid up insurance; or
- surrender the policy for its current cash value.

11) **Charitable Gift Annuities.** Northwest Foundation may offer charitable gift annuities. The minimum gift for funding is \$10,000. The minimum age for life income beneficiaries of a gift annuity will be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries will be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. Northwest Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. Northwest Foundation may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Gift Acceptance

Committee approves the arrangement. Funds contributed in exchange for a gift annuity will be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity will be transferred to Northwest Foundation's general endowment funds, or to such specific fund as designated by the donor.

12) **Charitable Remainder Trusts.** Northwest Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Gift Acceptance Committee of Northwest Foundation. Northwest Foundation will not accept appointment as trustee of a charitable remainder trust.

13) **Charitable Lead Trusts.** Northwest Foundation may accept a designation as income beneficiary of a charitable lead trust with the approval of the Gift Acceptance Committee of Northwest Foundation. Northwest Foundation will not accept an appointment as trustee of a charitable lead trust.

14) **Retirement Plan and Other Beneficiary Designations.** Donors and supporters of Northwest Foundation will be encouraged to name Northwest Foundation as a beneficiary of their retirement plans and accounts, life insurance policies, and as a beneficiary through transfer on death designations with respect to bank depository accounts and other appropriate assets.

15) **Bequests.** Donors and supporters of Northwest Foundation will be encouraged to make bequests to Northwest Foundation under their wills and trusts.

VII. Gifts from Donor Advised Funds

A donor advised fund ("DAF") is a giving vehicle offered by (a) many investment and mutual fund companies, such as the Fidelity Charitable Gift fund, (b) a number of community foundations, and (c) others, such as some larger colleges and universities. Individuals may use a DAF in lieu of a personal foundation. The individual determines the timing and size of contributions to a DAF based on tax benefits, and then leaves philanthropic priorities to be considered as a separate question at a future date. While the individual may be allowed to make investment suggestions from an approved list of options, any investment gains to the DAF will be attributed to the DAF rather than the donor.

For tax purposes, a DAF is treated like a public charity, so an individual who uses a DAF as a giving vehicle receives a charitable tax deduction at the time that personal assets are transferred to the DAF. The funds are then controlled by the DAF, not by the individual. This means that an individual who gives through a DAF cannot make a legally binding commitment on behalf of the DAF. However, an individual donor who gives to a DAF may recommend that a DAF make a specific contribution to a specific qualified charity, and DAFs will almost always comply with the donor's recommendation. That said, many DAFs will not make multi-year pledges, and DAFs are careful not to make payments on the individual's personal pledges.

When closing a gift, a development officer should ask the donor how the donor expects to make the payments. If the donor does not plan to use a DAF as a giving vehicle, then the gift should be processed as a personal pledge. If the donor knows that a DAF will contribute the funds, then the donor is not actually making a personal pledge to Northwest Foundation; rather, the donor is expressing the donor's intention to ask for funds from a DAF. The DAF will ultimately decide whether or not to make the gift. Pledges should not be recorded when payment is to be received from a DAF as any linkage between a personal pledge and a payment satisfying that pledge exposes the donor to unintended tax consequences.

Since the DAF is the legal donor, a gift from a DAF is recorded as a hard credit to the DAF and a tax receipt/thank you letter is sent to the DAF. The recommending donor receives soft credit and a personal thank you letter (not tax receipt) from the appropriate development officer. Recommended language in the thank you letter includes:

- "Thank you for your recommendation that the XYZ Donor Advised Fund make a gift to Northwest Foundation for the Venture Fund."
- "Northwest Foundation just received a gift to the Venture fund from the XYZ Donor Advised Fund. Thanks so much for helping make this happen."
- DO NOT USE: "Thanks for your gift through the XYZ Donor Advised Fund."
- DO NOT USE: "Thanks for your gift. We just received a payment from the XYZ Donor Advised Fund."

VIII. Miscellaneous Provisions

Securing Appraisals and Legal Fees for Gifts to Northwest Foundation. It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel to represent the donor for all gifts made to Northwest Foundation.

Valuation of Gifts for Development Purposes. Northwest Foundation will record a gift received by Northwest Foundation at its valuation for gift purposes on the date of gift.

Responsibility for IRS Filings Upon Sale of Gift Items. The Finance Officer of Northwest Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within three years of receipt by Northwest Foundation when the charitable deduction value of the item is more than \$5,000. Northwest Foundation must file this form within 125 days of the date of sale or disposition of the asset. At no time will Northwest Foundation accept a gift with a three year (or more) holding period stipulation.

Acknowledgement of Gifts. Acknowledgement to donors of all gifts made to Northwest Foundation and compliance with the current IRS requirements in acknowledgement of such gifts will be the responsibility of the Finance Officer of Northwest Foundation.

Rejection of Gifts. Northwest Foundation reserves the right to reject any gift. Rejection may be for any or no reason. Without limiting the foregoing, Northwest Foundation may reject any

gift based upon review of criteria referred to in this Gift Acceptance Policy, or if acceptance of a gift would adversely impact the reputation, image, mission or integrity of Northwest Foundation or the University.

Restricted Gifts. With respect to restricted gifts, Northwest Foundation reserves the right to broaden, limit or otherwise alter the purpose of, or any restriction, condition, limitation, or trust imposed with respect to, the gift should Northwest Foundation, in its reasonable discretion (after first consulting with the donor or their representative, if available), determine in the future that the original purposes of the gift or such restriction, condition, limitation or trust have become unnecessary, impractical, incapable of fulfillment, or inconsistent with the needs or the mission of the Foundation or University.

IRS Filings. Northwest Foundation will complete all filings required by the IRS of Northwest Foundation in connections with gifts received by Northwest Foundation. Northwest Foundation is not responsible for completing any IRS filings required of the donor.

Fees. Northwest Foundation will not compensate, whether through commissions, finders' fees, or other means, any third party for directing a gift or donor to it.

Donor Assistance. Donors are expected to seek the assistance of their own legal, financial and other advisors in matters relating to their gifts and resulting legal, tax and estate planning consequences.

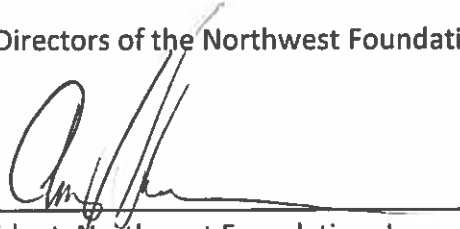
Donor Bill of Rights. Northwest Foundation works to follow The Donor Bill of Rights developed by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute.

Public Announcements and Recognition. It will be the presumption that a donor, or their authorized representatives, permit public announcement or recognition of any gift or any feature thereof. If a donor indicates a desire for anonymity or confidentiality, such requests should be made in writing and Northwest Foundation will endeavor to hold all related gift and investment information in confidence. Northwest Foundation may, however, make related files available to the donor or the donor's representatives on request, as required by law, and to Northwest Foundation's auditors and legal counsel, and Northwest Foundation is not obligated to inform the donor of such disclosures. All other requests for information will be honored only if the donor, or their authorized representatives approve, in writing, the release of information, or if a court has issued an order to that effect.

Gift Agreements. The provisions of any written gift agreement entered into between Northwest Foundation and a donor with respect to any gift will be deemed to supplement the provisions of this Gift Acceptance Policy with respect to such gift and in the event of any conflict between any such written gift agreement and this Gift Acceptance Policy, the provisions of such written gift agreement will control in regard such gift and the conflicting provision.

Amendment and Interpretation. Northwest Foundation reserves the right, in its sole discretion (through the Board or Governance Committee of Northwest Foundation) to amend, restate, or supplement, and interpret, this Gift Acceptance Policy at any time and from time to time. Without limiting the generality of the foregoing, Northwest Foundation may in its sole discretion (through the Board or Governance Committee of Northwest Foundation) establish additional criteria or procedures, or consult with accountants, advisors, attorneys, consultants, development or other professionals, or others, in regard to review or acceptance of any proposed gift.

The Directors of the Northwest Foundation, Inc. adopt this policy.



President, Northwest Foundation, Inc.

Appendix A



**The Northwest Foundation
Northwest Missouri State University
Gifts-In-Kind Agreement**

To Be Completed by the Donor

Please provide information about the gift property offered to the Northwest Foundation for the benefit or use of Northwest Missouri State University. **Gifts-In-Kind typically involve tangible personal property, which may include such things as works of art, books, jewelry, collectibles, antiques, equipment, vehicles, and inventory.**

About the Donor: Name _____

Address _____

About the Gift: Description _____

If applicable, please indicate the specific College, School, Department or Program for which this gift is intended, otherwise, please indicate it is unrestricted: _____ Unrestricted

Manufacturer: _____

Model: _____ Serial No.: _____

Fair Market Value of Property: \$ _____ On Date of Gift: _____

(Please attach documentation of the property's value – e.g., an appraisal, a paid invoice, or a retail price list.)

I warrant that I am the owner of the property described above, that the property is free of all liens and encumbrances, and that I am competent to make gifts. I give irrevocably all my rights, title, and interests, including copyright, in and to this property to the Northwest Foundation for the use or benefit of Northwest Missouri State University.

I understand that the Northwest Foundation will transfer ownership of the property to Northwest Missouri State University when this form is fully executed and all appropriate procurement procedures are completed by the Northwest Foundation.

Name of Donor: _____
Please Print

Signature of Donor: _____ Date: _____

To Be Completed by Northwest Missouri State University:

If applicable, please list any benefits received by or made available to the donor in consideration for making this gift: _____

Estimated Value of Benefits: \$ _____

If applicable, please list any restrictions on the use and disposition of the property: _____

Name of Administrator at Northwest Missouri State University to Receive This Gift: _____

Please Print

Signature _____ Date

To Be Completed by the Northwest Foundation:

I here affirm that the above-described property is accepted as of the date written below by the Northwest Foundation, Inc. on behalf of Northwest Missouri State University.

Officer
The Northwest Foundation

Date

A copy of this form will be provided to the donor upon execution by the Northwest Foundation

Please send or deliver this completed form to
The Northwest Foundation at 800 University Drive, Maryville, Missouri 64468
Maryville, MO 64468