

CHAPTER SEVEN
UNIVERSITY ADVANCEMENT

711 Gift Acceptance

University Advancement is responsible for the coordination and effectiveness of the various gift generation, receipt, and management programs of the University and its Auxiliary Organizations.

These policies provide a set of standards by which gifts are reviewed, accepted, processed and receipted by Cal Poly and its related Auxiliary Organizations, i.e., the Cal Poly Foundation (Foundation), the Cal Poly Corporation (Corporation), or Associated Students, Inc. (ASI), collectively “Auxiliaries.”

Except for those gifts that are required to be authorized for acceptance by the Gift Acceptance Committee, the Vice President for University Advancement or designee, has the authority to authorize the acceptance of gifts or related funds and instruments, and can authorize whether the University or an Auxiliary will manage the gift.

711.1 Authority

Cal Poly delegates the authority to solicit, receipt, and manage gifts, bequests, endowments, trusts and similar funds to the Auxiliaries. Only gifts, bequests, devises, endowments, trusts, and similar funds or other assets that are designated for the use of (or in trust for) Cal Poly, or to one of the Auxiliaries, in support of the educational mission of the University may be considered for acceptance. Fundraising and constituent engagement activities will be conducted and coordinated with University Advancement. All philanthropic commitments to Cal Poly must be processed by, and credited to, the donor through University Advancement.

711.2 Gift Acceptance Committee

Cal Poly shall have a Gift Acceptance Committee consisting of the following members:

- a. the vice president for University Advancement (chair);
- b. the vice president for Administration and Finance; and
- c. the provost.

The Committee is responsible for authorizing the acceptance of gifts such as gifts-in-kind and gifts of real estate. The Committee also is responsible for approving gifts that, due to their nature, or the use of University resources, require further review prior to approval.

711.3 Use of Legal Counsel and Other Consultants

Cal Poly shall seek the advice of University and other retained legal counsel, the Cal Poly Foundation Board, and other consultants in matters relating to acceptance of gifts when appropriate. Auxiliary Organizations may seek the advice of other legal counsel in matters relating to gifts that will be managed by the Auxiliaries.

711.4 Restrictions on Gifts

Cal Poly and its Auxiliaries may accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with stated mission, purposes, and priorities of Cal Poly.

Cal Poly and its Auxiliaries will not accept gifts that are determined to be too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of an Auxiliary's corporate charter, gifts that are too difficult or costly to administer, gifts that are for purposes outside the mission of Cal Poly, or those that inhibit Cal Poly's academic integrity. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Gift Acceptance Committee.

711.5 Conflict of Interest

Cal Poly and the Auxiliaries 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. Cal Poly and the Auxiliaries will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the Partnership for Philanthropic Planning, shown as a reference to this policy.

711.6 Types of Gifts

Criteria for Acceptance of Each Gift Type

711.6.1 Cash:

Funds in U.S. currency or funds readily convertible to U.S. currency are acceptable in any form. Checks shall be delivered to University Advancement for deposit on behalf of Cal Poly.

711.6.2 Tangible Personal Property/Gifts-in-Kind:

Acceptance of all gifts of tangible personal property shall be governed by Cal Poly's Gifts-in-Kind Acceptance Procedures. The final determination on the authorization to accept tangible property gifts shall be made by the Gift Acceptance Committee.

711.6.3 Securities:

Securities are generally acceptable. The following guidelines are applicable to securities:

711.6.3.1 Publicly Traded Securities:

As a general rule, all marketable securities shall be sold upon receipt unless otherwise agreed by the Gift Acceptance Committee. In some cases applicable securities laws may restrict the sale of marketable securities; in such instances, the Gift Acceptance Committee shall make the final determination on the authorization to accept the restricted securities.

711.6.3.2 Closely Held Securities:

Closely held securities include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms. These gifts must be reviewed prior to acceptance to determine that:

- a. there are no restrictions on the security that would prevent ultimately converting these assets to cash;
- b. the security is or will be marketable; and
- c. the security will not generate any unacceptable tax or other consequences or liabilities for Cal Poly.

Upon consultation with investment advisors, efforts will be made to sell non-marketable securities to maximize return on investment. The final determination on the authorization to accept closely held securities shall be made by the Gift Acceptance Committee.

711.6.4 Real Estate:

Cal Poly and its Auxiliaries, upon authorization of the Gift Acceptance Committee and in consultation with external advisors, have authority to accept

real estate gifts, either outright or in trust, and whether or not intended for prompt conversion to cash, subject to the following parameters:

- 711.6.4.1 The title is in a form satisfactory to the University and/or Auxiliary Organization.
- 711.6.4.2 A current (within 60 days) qualified appraisal has been received from the donor.
- 711.6.4.3 The donor confirms that the donor is not under any legal obligation to sell or otherwise convey the property to a third party.
- 711.6.4.4 The donor confirms that the donor is not aware of any leases, easements, encumbrances, or other restrictions that would decrease the value of the property.
- 711.6.4.5 A review of the history of the property, known occupants and a site inspection conducted by Cal Poly Facilities (or designee), reveals no uses, conditions or circumstances that suggest the existence of environmental or other risks that warrant obtaining an external assessment of environmental or other risks (see ICSUAM Policy 9019).
- 711.6.4.6 If the review performed in the preceding paragraph notes the potential existence of environmental risks, a Phase I environmental impact study is conducted and the results of that study conclude the property does not present an unacceptable level of environmental risk.
- 711.6.4.7 Donor has acknowledged and concurred regarding any holding or other administration costs that may be deducted from the sale of the property before the net proceeds are distributed in accordance with donor restrictions.
- 711.6.4.8 Donated real property may be sold or otherwise conveyed at fair market value, consistent with any gift restrictions and upon concurrence by the University President's designee. Generally, donated property will be sold at the first opportunity.
- 711.6.4.9 Gifts of real estate are limited to the following:
 - a. donated real property that may be sold or otherwise conveyed at fair market value;
 - b. donated real property that generates an income stream to support the educational mission;
 - c. donated real property used for programmatic purposes; and
 - d. donated real property used as an investment by an Auxiliary Organization as determined by the investment policy of the Auxiliary Organization.
- 711.6.5 Remainder Interests in Property:

Cal Poly or an Auxiliary Organization may accept a remainder interest subject to the provisions herein. Where Cal Poly or an Auxiliary Organization receives a gift of a remainder interest, all expenses for maintenance, insurance, real estate taxes, other carrying costs, and any property indebtedness are to be paid by the donor or primary beneficiary.

711.6.6 Mineral, Oil, and Gas, (MOG) Interests:

Cal Poly or an Auxiliary Organization may accept oil, gas and mineral property interests, when appropriate. Prior to acceptance of an oil, gas and mineral interest the gift shall be authorized by the Gift Acceptance Committee, and if necessary, by appropriate legal counsel and external advisors. Criteria for acceptance of the MOG interest shall include:

711.6.6.1 Gifts shall have specified minimum values and yearly income.

711.6.6.2 A review of the history of the property, known occupants and a site inspection conducted by Cal Poly Facilities (or designee), reveals no extended liabilities or other considerations that make receipt of the gift inappropriate.

711.6.6.3 A working interest is rarely accepted. A working interest may only be accepted where and when there is a plan to minimize potential liability and tax consequences.

711.6.6.4 The property must undergo an environmental review to ensure that neither the Auxiliary Organization nor Cal Poly has any current or potential exposure to environmental liability. The cost of this review may be paid by the donor(s) or the Auxiliary Organization, subject to negotiation at the time of gift review.

711.6.7 Bargain Sales:

Cal Poly's Auxiliaries may enter into bargain sale arrangements. All bargain sales, including the source of funds to complete the sale, must be reviewed and recommended by the Gift Acceptance Committee and approved by the Auxiliary's board, as appropriate.

711.6.8 Life Insurance:

Cal Poly or an Auxiliary must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. A gift of a life insurance policy will not be accepted unless there is a clear and enforceable plan for payment of future premiums.

711.6.9 Charitable Gift Annuities:

Any state licensed Auxiliary Organization may be the issuer of gift annuity contracts.

711.6.10 Charitable Remainder Trusts (CRT):

Cal Poly or an Auxiliary may accept designation as Trustee of a CRT with the approval of the Gift Acceptance Committee if at least 50 percent of the trust remainder is designated irrevocably to Cal Poly or an Auxiliary Organization. Cal Poly or an Auxiliary Organization may accept a designation as a beneficiary for a CRT for amounts less than 50 percent.

711.6.11 Charitable Lead Trusts (CLT):

Cal Poly or an Auxiliary Organization may accept a designation as income beneficiary of a CLT and may accept an appointment as Trustee of a CLT on a case-by-case basis as approved by the Gift Acceptance Committee.

711.6.12 Retirement Plan Beneficiary Designations:

Donors and supporters of Cal Poly may name Cal Poly as beneficiary of a retirement plan. Such designations will be recorded as pledges to Cal Poly at the present value.

711.6.13 Bequests:

Donors and supporters of Cal Poly may make bequests to Cal Poly under wills and trusts. Such bequests, revocable or irrevocable, will be recorded as pledges to Cal Poly at the present value.

711.6.14 Life Insurance Beneficiary Designations:

Donors and supporters of Cal Poly may name Cal Poly as beneficiary or contingent beneficiary of life insurance policies. Designations as primary beneficiary shall be considered bequests and recorded as pledges accordingly.

References for CAP 711:

1. Date approved by the President: May 15, 2013
2. Effective Date: May 15, 2013
3. Responsible Department/Office: University Advancement
4. Revision History: Not applicable.
5. Related University Policies, Procedures, Manuals and/or Documents:
 - a. ICSUAM 9019: Real Property Acquisition
<http://www.calstate.edu/icsuam/sections/9000/section-3/9019.shtml>.

- b. Partnership for Philanthropic Planning Model Standards of Practice for the Charitable Gift Planner http://www.pppnet.org/ethics/model_standards.html.
 - c. CSU Executive Order 676: Delegation of Gift Evaluation and Acceptance to Campuses <http://www.calstate.edu/eo/EO-676.pdf>.
 - d. Gift-in-Kind Acceptance Procedures <http://www.advancement.calpoly.edu/content/forms/index>.
6. Laws, Regulations and/or Codes of practice referred to herein or related to this policy:
- a. California Education Code Section 89720, <http://www.leginfo.ca.gov>.