SUBJECT: Gift Acceptance Policy **Date: 9/26/2024 Approved**

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Purpose

To provide clear policies for acceptance of philanthropic gifts and the type of assets that are acceptable for use by California State University, Los Angeles (University), and it's associated auxiliaries: the California State University, Los Angeles Foundation (Foundation), California State University, Los Angeles, University Auxiliary Services, Inc. (UAS), the California State University, Los Angeles Alumni Association (Alumni Association), California State Los Angeles University-Student Union (U-SU), and the Associated Students, Inc. (A.S.I.). The Foundation shall have oversight and management of all gifts to the University. This policy does not constitute legal advice. Donors should seek independent legal counsel and/or accounting and financial services, as applicable.

Gift Acceptance Policy

The Foundation and the University's auxiliaries accept a variety of philanthropic gifts offered to the University by a living or deceased individual donor, corporation, and other entities, including public and private foundations. The Vice President for University Advancement is authorized to accept philanthropic contributions on behalf of the University and its associated auxiliaries.

Gifts must meet the following criteria to be considered as a charitable donation:

1. The Foundation must be reasonably satisfied that the donor has the legal authority to make the gift;
2. that appropriate instruments of conveyance of title have been delivered and properly executed; and,
3. the source(s) of the funds does not violate public or institutional policy, including State of California and U.S. federal laws and regulations.

No gift may be received that is subject to any conditions or pre-arrangements unless full disclosure has been made in accordance with policy set forth in this document. All such gifts shall be subject to the specific requirements that pertain to the type of asset that is the subject of the gift.

The Foundation follows all IRS Regulations and the Council for Advancement and Support of Education (CASE) guidelines for gift acceptance. The Foundation shall not accept gifts with restrictions, or from organizations, that violate either the Foundation's or the University's ethical standards, or those that require expenditures beyond their resources, that compromise the academic freedom of the University community or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability, sexual orientation, or any other basis prohibited by federal, state, and local laws and regulations. The Foundation will follow all federal and state laws and regulations. The Foundation shall make all reasonable efforts to ensure the entity is not accepting donations from prohibited and/or unlawful organizations.

Financial Reporting

The Foundation follows the Financial Accounting Standards Board (FASB) on financial reporting.

Delegation of Authority

By virtue of the California State University (CSU) Chancellor's Office memo, *"Executive Order No.: 676 (EO 0676): Delegation of Authority for Gift Evaluation and Acceptance,"* authority to evaluate and accept gifts, bequests, and donations of personal property to the University is delegated to campus presidents who have further authority to delegate to campus officers and employees. The Vice President for University Advancement at Cal State LA is authorized to evaluate and accept gifts to the University. It is the responsibility of University Advancement to receipt gifts, bequests, and donations in accordance with the requirements of applicable California Education Code 89720. For complete language of policy, procedure and authority, please refer to *Executive Order No.: 676 (EO 0676)* on the CSU policy website: calstate.policystat.com.

In accordance with California Education Code Section 89720, Cal State LA shall use accurate and consistent accounting methods that conform to the appropriate guidelines set forth by CASE for reporting fund raising results. University Advancement will complete and submit the Voluntary Support for Education (VSE) Report to CASE, and the CSU Philanthropic Productivity Summary Sheet to the CSU Office of the Chancellor. The Foundation (or University Advancement) will also participate in the annual National Association of College and University Business Officers (NACUBO) survey.

Development and Gift Acceptance Committee

The Foundation recognizes that certain gifts should not be routinely processed but should be reviewed by the Development and Gift Acceptance Committee of the Foundation Board. Final decisions regarding the restrictive nature of a gift, and its acceptance or refusal, may be determined by the Foundation Board of Trustees.

Gifts from Faculty and Staff

Gifts from faculty and staff of the University must meet the following three criteria to be considered deductible for tax purposes:

1. Charitable intent should be the primary reason for making the contribution;
2. the contribution must be credited to a fund not under sole control of, or does not personally financially benefit, the donating faculty or staff member; and,
3. the faculty or staff donor should not receive or expect to receive future remuneration from the fund to which their gift was credited.

Gift Types

Cash

The Foundation and other auxiliaries accept cash gifts. Gifts of cash can be deposited in one of the approved campus auxiliaries based on the purpose intended:

- Endowed gifts or gifts to scholarships are deposited into the Cal State LA Foundation.
- Gifts from private grants and discretionary funds can be deposited into Cal State LA University Auxiliaries Services.
- Gifts to Student Clubs and Organization can be deposited into the Associated Students, Inc.

- Gifts to the Alumni Association will be deposited into their accounts.

Checks should be made payable to the appropriate auxiliary where the gift is to be deposited. The auxiliary is accepting gifts on behalf of the University and as such, can accept checks made payable to the University.

Pledges

A pledge is defined as a personal commitment to make a philanthropic contribution. In most cases, a pledge is paid subsequently by the donor, usually in installments not to exceed five (5) years. Pledges must be documented and are counted at face value. A minimum commitment of $5,000 will be reported on the VSE and Philanthropic Productivity Report in compliance with the CSU Chancellor's Office and CASE Guidelines.

Uncollectable Pledges

A provision for uncollectible pledges should be one of the following:

- Donor has deemed that the pledge will not be honored;
- Donor has moved and the development office is unable to locate or communicate; or,
- Other extenuating circumstances.

Matching Gifts

The Foundation will process all matching gifts in accordance with CSU Policy 15401.00 "Fundraising - Matching Gifts."

Securities

Conditions and Limitations

The donor is responsible for the valuation of the stock for their tax purposes. The stock must be capable of valuation, not conditioned upon a pre-existing obligation for sale or transfer, and free of any liens or encumbrances. The Foundation must be legally qualified to own and hold the security in the State of California, as well as the state in which the company conducts business.

Appreciated Securities Policy

The Foundation will accept marketable securities and closely-held securities subject to the conditions noted below.

Gifts of securities which are not readily marketable will be accepted at lower of cost or market. See also, Foundation – Financial Policy, Section IX, 2 Gifts of Securities.

Publicly Traded Securities

Securities that are traded on any major U.S. and Foreign Exchanges shall be accepted by the Foundation. Such securities will be sold immediately by the Foundation's designated brokage firm. No employee or volunteer working on behalf of the Foundation may commit to a donor that a particular security will be held by the Foundation, sold through a specific broker, or traded on instruction by the donor. The value of all securities will be determined by taking the average of the highest and lowest price for the date the Foundation's brokage firm receives the securities.

See also, IRS Publication 561.

Mutual Funds
The Foundation accepts transfer of mutual fund shares and/or proceeds from mutual fund shares.

Closely Held Securities
Acceptance of closely held non-publicly traded securities shall be examined and evaluated on a case-by-case basis with an analysis of the facts by the Investment and Finance Committee which will consider any restrictions that would prevent conversion to cash, marketability, unrelated business taxable income (UBTI) and potential for any undesirable consequences of ownership. The Investment and Finance Committee shall have the option to present to the Board of Trustees, who may review and take action accordingly. The Executive Director and/or designee shall be authorized and directed accordingly to take any and all necessary action to effectuate the acceptance of the gift of closely held securities.

Restricted Securities
Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. The acceptance of restricted securities shall follow the approval process for Closely Held Securities outlined above.

International Securities
International securities are handled on a case-by-case basis with an analysis of the facts by the Investment and Finance Committee, who shall have the option to present to the Board of Trustees, who may review and take action accordingly. If a donor wishes to give a gift of international securities, the following information is required to determine whether the security is one the Foundation is allowed to hold and sell:

- Security description;
- International Security Identification Number (ISIN);
- share quantity; and,
- delivering firm information.

Gifts from Foreign Sources
The Foundation will accept gifts from foreign sources that satisfy disclosure and compliance of Section 117 of the Higher Education Act of 1965 (HEA), and report gifts accordingly. The Foundation will adhere to all state and federal rules and regulations, and will exercise any necessary due diligence in accordance with the USA Patriot Act.

Cryptocurrency
Cryptocurrency is defined by the IRS as property. All cryptocurrency gifts will be reviewed and accepted upon approval from the Investment and Finance Committee. The gift of cryptocurrency will be booked at the cash conversion value in U.S. dollars. Cryptocurrency gifts of $5,000 or more will require a qualified 3rd party appraisal for the donor to take a tax deduction, according to the IRS. Donors need to consult with their professional tax advisor(s).

Gifts-in-Kind

The University may accept gifts-in-kind when such gifts are in alignment with the mission of the University and reserves the right to decline or refuse gifts that are offered for purposes that are inconsistent with its educational mission. Gifts of materials or long-lived assets that are directly related to the mission of the University should be reported at the face value (or fair market value). Departments must coordinate with University Advancement to ensure that the gift-in-kind acceptance requirements are met and the donation is properly acknowledged with appropriate authorization signatures. The *Proposed Acceptance of Gifts-In-Kind* form must be used to officially review and accept the in-kind donation on behalf of the University. The accepting party is responsible for itemizing and obtaining the fair market value of donated gifts in collaboration with University Advancement in compliance with CASE standards. The University will assess the financial desirability of receiving assets as gifts from potential donors and determine whether or not to accept a gift as offered. University Advancement reserves the right to bring gift-in-kind donations to the Development and Gift Acceptance Committee as needed for review and acceptance.

Gifts-in-Kind Recipient Determination

As a rule, Gifts-in-Kind are accepted by the State of California (University). However, the Foundation can accept such gifts when it is in keeping with the mission of the Foundation.

- **University (State of California)** is the donee for gifts of equipment and other gifts-in-kind that will directly benefit the instructionally-related activities of the University. The University is the donee for all gifts of animals. The University should not be the recipient of gift-in-kind intended for sale. A faculty or staff member should be listed as the recipient of the gift-in-kind on the gift acceptance form. If students are involved in the receiving of a gift, the faculty or staff member who is both overseeing the work of the students and taking responsibility for the gifts that are received will be the appropriate person to list on the *Proposed Acceptance of Gifts-In-Kind* form.
- **The Cal State LA Foundation can be the** donee of gifts-in-kind contributed with the understanding that the gift may be sold and proceeds to be deposited in the designated account. In the event the Foundation becomes the beneficiary of items that do not serve the mission of the University, the Foundation will sell the item(s) and the proceeds will go to the donor's designated area of support. If the donor does not specify designation, then the proceeds are considered unrestricted gifts.
- Gifts-in-kind to **Student Clubs** are considered gifts to the University rather than to Associated Students Inc. (ASI) and depending on the nature of the gift-in-kind, it will be accepted by the University.

Types of Gifts-In-Kind

Alcohol

Alcohol donations may be accepted provided they have a related use to the university or sold at auction. See University Policy on Alcohol for additional information.

Auctions and Raffles

All University event auctions and raffles must be approved by University Advancement prior to the event date. Cal State LA University Auxiliary Services (UAS) manages the annual

Raffle Registration and Raffle Reporting to the State Attorney General Office each year on behalf of the University.

Items donated for sale at an auction are not considered a related use to the University's educational purpose according to the IRS. Therefore, the tax receipt that will be issued will list the item donated, but no value. Auction donors must be made aware of this fact. Additionally, tax receipts will only be issued for items that were sold at the auction. Unsold items are not considered gifts to the University and will not be issued a tax receipt.

- A tax receipt can only be issued to a purchaser of an auction item if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item.
- The fair market value must be clearly indicated in the information posted about the item at the auction and that information should accompany the Foundation's "Auction worksheet".

Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or tax receipt will be issued. See the State of California Department of Justice website regarding taxation issues related to raffle winnings.

Gifts of Computer Hardware and Software

Proposed major (e.g. to equip a laboratory, outfit a study room, a major new server or dedicated system, etc.) computer-related gifts for use by university programs must meet campus baseline standards as specified in the campus technology planning guide and be approved in advance by the University's Chief Information Officer and all other appropriate signature approvals on the Proposed Acceptance of Gifts-In-Kind form. Gifts of software are not countable and will not be included in grand totals per CASE guidelines.

The only exception to the rule is when the software is highly developed/customized for the University and the University retains ownership of the software.

Hazardous Materials or Equipment containing Hazardous Materials

Proposed gifts of hazardous materials may not be accepted without approval from the Office of Risk Management, Environmental Health and Safety (please refer to the *Proposed Acceptance of Gifts-In-Kind* form). Only donations that meet the criteria below will be approved:

- Containers are sealed, unopened, undamaged, and with original manufacturer labels (manufacturer's label is usually the best certification that the contents are accurately identified).
- Material Safety Data Sheets for all hazardous material are provided prior to receipt.
- Storage location where the materials will be safely and securely stored is identified.
- The material will be used within one year, unless legal requirements specify a shorter time period.
- Department manager approves of the donation.
- Requests for approval of hazardous material donations shall be submitted to the Executive Director of the Foundation and the Director of Environmental Health and Safety.

- The Account Signer or Project Manager will be responsible for any material that is not used and must be disposed of as hazardous waste. The Account Signer or Project Manager should plan for this contingency prior to acceptance.

Gifts of Scientific Laboratory Equipment (used or new)
Any gift of scientific laboratory equipment that has been offered to one of the academic colleges and/or programs requires prior approval by the Office of Risk Management, Environmental Health & Safety, as part of the review and approval process for gifts-in-kind.

Gifts-In-Kind Services
These include but are not limited to activities such as, printing of materials, appraisals, and design work. These services provide valuable support to the University, however, the contribution of services, no matter how valuable to the University, is not tax deductible according to the IRS. Therefore, no hard or soft credit is recorded for such gifts. See IRS Publication 526 for additional information.

Gifts of Real and Personal Property
Gifts of real or personal property become gifts to the University when a transfer of ownership has taken place, or a signed Deed of Gift between the donor and the University has been signed and approved. This occurs when the item(s) of property, or clear title to the property, has been delivered to the University's legal agent. (*See Appendix)*

The University will count gifts of real and personal property (tangible and intangible) as fair-market value, regardless of the value the donor may be able to take as a charitable deduction.

For gifts of real estate, refer to the *Real Estate Gift Acceptance Procedure Manual*.

The University will count gifts in any of the following ways (per CASE Global Reporting Standards):
- The value placed on the gift by a qualified independent appraiser.
- The value declared by the donor. CASE recommends the institution require the donor to provide a copy of either of the following:
    1) The paid bill or sale; or
    2) The invoice and copy of check or personal credit card statement showing payment. Any applicable taxes should not be included in the gift's value.
- The value determined by current retail markets.
- The value determined by a qualified expert on the faculty or staff of the institution, but not an individual whose fundraising totals are directly affected by the gift.
- The value established by a purchaser's winning action bid at a charity auction run by the institution if no fair market value for the item was available before the auction.

The University will exclude the listing of a dollar value of a gift in the receipt letter for any gift-in-kind as the value is determined by the donor when gifted for their tax purposes.

Types of Personal Property
There are two types of personal property, tangible and intangible (intellectual property) assets.

While permanent donations of intellectual property and patents can be tax deductible, their value to the qualified recipient organization might be impossible to predict and will rarely equal the deduction a donor might be able to claim. Neither may result in any actual or realized value to the University. The University will apply IRS guidelines for determining value, which may include the use of a qualified appraiser to determine the value of an asset.

Appraisals Policy

All gifts of real or personal property, whether outright or deferred, must be subject to a readily ascertainable value. It is the responsibility of the donor to ensure and pay for the appraisal for income tax reporting purposes, if one is required.

All gifts of real or personal property require a completed and signed *Proposed Acceptance of Gift-In-Kind* form prior to the University's acceptance of these types of gifts, whether outright or deferred. The value of a gift-in-kind is recorded at the time the donor relinquishes the asset to the University, along with all appropriate documentation (i.e. IRS Form 8283, receipts, written substantiation of the estimated fair market value, etc.). Donors are advised to consult their tax attorneys on these matters. It is the responsibility of the donor to secure and pay for the appraisal for income tax reporting purposes, if one is required, and it is normally included on their IRS Form 8283. If a donor chooses not to obtain an appraisal for their gift of real or personal property, the University will follow CASE guidelines for assessing a fair market valuation for internal counting processing.

Costs of Appraisal

Filing of Form 8283 with the IRS will require a qualified appraisal. Major Gift Officers need to inform donors that it is the financial responsibility of the donor, not the University, to obtain a qualified independent appraisal for the value of the gift for income tax purposes. The University may seek the advice of an independent qualified appraiser and conduct its own qualified appraisal for valuation, gift reporting and insurance purposes. In receipt of Form 8283 from the donor, the University is responsible for completing *Section V. Donee Acknowledgement* on Form 8283.

Should the University decide to sell or dispose of the gift which was valued at over $5,000 recorded on Form 8283 within a (3) three-year period from the date of receipt, the University is required to complete and submit a corresponding Form 8282 with the IRS, stating the date of disposition and value received. University Advancement in collaboration with the Office of Property Management will maintain and track all private donations with accompanying Form 8283 documents, and complete Form 8282, if this property is sold or disposed.

Qualified Retirement Plans & Individual Retirement Account Gifts

The Foundation accepts distributions from qualified retirement plans and individual retirement accounts (IRAs).

<u>Please note</u>: If the donor intends to contribute a distribution (and use it as a year-end qualified charitable distribution*) the funds need to be withdrawn from the donor's account before December 31st, to qualify for that calendar year.

- **Qualified Retirement Plans:** If the donor wishes to use a distribution as a charitable contribution, the check or wire transfer must arrive before the date that the Foundation closes for the tax year in December. Funds must be withdrawn from the donor's account to qualify for that year.
- **Nonqualified Retirement Plans**: *Please refer the donor to their professional legal advisor*. A distribution may be a taxable event that does not qualify as a charitable tax-deduction.
- **Individual Retirement Account (IRA) Gifts:** The Foundation accepts both traditional IRA and Roth IRA gifts.
- **IRA Rollover Accounts:** These are accepted by the Foundation.
- **Qualified Charitable Distribution (QCD):** This allows required mandatory distributions (RMDs) from IRA and Qualified Plan accounts to be donated (tax-free) to a qualified charity. **Qualified charitable distributions are direct payments by wire transfer, checks from the plan administrator, or authorized payments from a retirement checking account.*
  Limit: The owner can contribute up to the maximum set forth by the IRS to a qualified charity. Distributions must be directed to the Foundation. Supporting organizations such as UAS cannot accept these distributions as donations. A letter confirming the receipt of the IRA QCD funds will be sent to the donor, in lieu of a tax receipt.

Donor Advised Funds

Donor-Advised Fund (DAF): The Foundation accepts donor advised funds. Upon receipt, the Foundation will apply the grant to the donor's intended designation.

Donor advised funds are normally held at financial institutions or community foundations (CF) called fund sponsors. These institutions are recognized as stand- alone 501(c)(3) tax-exempt charitable organizations. A donor may recommend that a DAF or a CF make a grant to the Foundation from funds the donor has given to the DAF or a CF.

IRS Notice 2017-73 addresses the regulations allowing the treatment of DAF gifts as pledge payment providing the following:

- The DAF sponsoring organization makes no reference to the existence of any charitable pledge when making the distribution from the donor's DAF (references to the name of the person who advised on the distribution are permitted); and,
- No Donor/Advisor receives, directly or indirectly, any other benefit that is more than incidental on account of the DAF distribution (i.e. event or membership payments).

The Donor/Advisor does not claim a charitable contribution deduction for the DAF distribution, even if the charity receiving the distribution mistakenly sends the Donor/Advisor a tax acknowledgement.

Bequests Policy

A bequest is defined as a testamentary distribution from the estate of a Donor, which may be made from a will, living trust or other testamentary arrangement.

The Foundation may accept a bequest, provided that the personal representative or Trustee of the Donor has full authority to act, and the proposed gift and acceptance procedure otherwise conforms to the requirements governing the specific assets to be distributed to the Foundation.

Bequest Intentions

The Foundation may accept revocable bequest designations to demonstrate support for its programs. While these bequests do not alter the Foundation's balance sheet, the Office of Planned Giving shall monitor and steward these unrealized bequests.

Bequest intentions must have the following documentation to be counted in the philanthropic productivity reports in compliance with CASE and CSU guidelines on counting planned gifts:

- A written notice from the donor expressing intention, and an estimation of the value of the bequest which may include any of the following:
    - Signed gift agreement;
    - Written correspondence directly from the donor, including email format;
    - Signed Charitable Intent Form; or
    - Copy of the portion of a will or trust with charitable bequest that identifies the Foundation as the beneficiary
- Verification that the Donor's age is at least 65 years in the fiscal year the gift is bequeathed.

Bequest intentions from donors under age 65, can be booked and maintained in the database for tracking and stewardship purposes. The fiscal year the donor turns 65 years of age, the bequest intention can be booked at the full value and counted in the annual fundraising totals. If there are two donors, at least one of the donors must be 65 years of age to count and book at the full value.

All estate gifts in which the University is a named beneficiary shall be directed to the Foundation to administer and manage. A donor may designate a particular college and/or program at the University or any of its auxiliaries. However, the administration and management of estate gifts is the responsibility of the Foundation Board.

Estate Litigation

It is in the interest of the Foundation to honor the written wishes of its donors. While the Foundation does not wish to engage in protracted litigation over the implementation or interpretation of a bequest, it may be necessary and appropriate to do so.

Factors that the Foundation Board will consider include the following:

- Size of the estate and the share allocated to the Foundation;
- Anticipated costs, duration, and risks of litigation;
- Impact on the reputation and goodwill of the Foundation;
- Position of other beneficiaries in the estate, especially other charitable organizations;
- Prior relationship and history of the donor with the Foundation or University; and,
- Advice of Counsel

Administration & Distribution of Estates

Upon notification that the Foundation has been identified as a beneficiary of an estate or beneficiary of a living trust, the Office of Planned Giving shall be designated as the "Program Administrator". The Program Administrator shall be responsible for monitoring and reporting on the administration of the gifts to the Foundation Executive Director.

Gifts of Real Estate

Forms of real estate the Foundation will consider include but are not limited to improved or unimproved real property, such as: undeveloped land, buildings, farms, personal residences and vacation homes, leasehold improvements, fixtures, and gifts subject to a retained life estate, subject to full disclosure and proper due diligence as described in the Foundation procedures and in accordance with the *Real Estate Gift Acceptance Procedure Manual,* which outlines the requirement for a simultaneous sale of gifts of real estate.

Gifts of real estate may require a financial commitment by the Foundation when there are additional costs for legal and/or fees for approved consultants working on the sale of donated real property. All proposed gifts of real estate will be evaluated by the Real Estate Gift Review Committee (REGRC). The Real Estate Gift Acceptance Committee (REGAC) will have final acceptance approval.

Retained Life Estate Policy

The nonrevocable donation of real estate while retaining the right to use the property has become a more common charitable gift arrangement. A donor can give a personal residence, farm, or second home or vacation home to the Foundation and reserve the use of the property for life (or a term, of years), and/or the lifetime of another resident beneficiary.

The immediate benefit of a gift of real estate with retained life estate is often a substantial tax deduction for the charitable gift. This deduction is equal to the remainder interest in the property, (the appraised fair market value of the real estate less the calculated value of the retained life use).

As with other gifts of real property, it is the donor's responsibility to obtain an independent appraisal of the value of the property. The income tax deduction can mean a tax savings in the year of the gift and may be carried forward for up to five additional years, to a limit of 30 percent of the donor's adjusted gross income each year as per IRS guidelines.

Life Estate Agreements

Gifts of real estate with retained life estates shall be reviewed and approved by the Real Estate Gift Acceptance Committee prior to acceptance of the gift. Acceptance of such gifts must be in accordance with the guidelines for acceptance of outright gifts of real property as set forth in the *Real Estate Gift Acceptance Procedure Manual.*

Bargain Sales Policy

The Foundation shall accept bargain sale gifts upon the approval of the Real Estate Gift Acceptance Committee.

Gifts of Mortgaged Property

Gifts of Mortgaged Property are not accepted unless the mortgage will be paid before the simultaneous sale of the real property.

Life Income Gifts

Charitable Gift Annuities (CGA)

A charitable gift annuity (CGA) is a contractual arrangement between a donor and the California State University's Foundation's Systemwide Charitable Gift Annuity Program.

The University's Office of Planned Giving works directly with the CSU Foundation to coordinate all CGAs donated to the Cal State LA Foundation. The CSU Foundation accepts an irrevocable transfer of cash, cash equivalents, or publicly-traded securities from the donor in return for periodic payments to the donor and/or one other named beneficiary for life. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by the CSU Foundation and distributed to the Cal State LA Foundation. A portion of the annual payment is tax-free income to the donor, being considered return of principal.

Since the gift annuity is part gift, in addition to the purchase of the annuity, the donor is allowed an income tax deduction. Donors will be advised to seek legal and financial counsel regarding tax deductibility and similar matters.

The annuity is secured by the CSU Foundation's assets. The rate of return used by the CSU Foundation and stated in the annuity contract is determined from tables provided by the American Council on Gift Annuities. The CSU Foundation may enter into CGA contracts with minimum funding of $5,000. Funding amounts that exceed $500,000 or 10% of the CGA current trust market value, whichever is less, will require CSU Foundation approval. The minimum age for life income beneficiaries is 55. No more than two life income beneficiaries will be permitted for any one gift annuity.

Upon the death of the donor and/or other named beneficiary, the funds representing the remaining principal contributed in exchange for the gift annuity will revert to an account with the Cal State LA Foundation for the purpose specified by the donor; or, if no such purpose is specified, the Cal State LA Foundation shall use the funds for the unrestricted use of the University.

Gift annuity contracts are governed by the laws of the State of California. For gift annuities to be established in states other than California, the specific annuity regulations and requirements for that state will be reviewed by the University's Office of Planned Giving and the CSU Foundation. The Cal State LA Foundation reserves the right to reject any annuity contract proposals from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.

Life income gifts that name the Foundation or the University as a party to the CGA agreement must be signed by the CGA trustee, the Executive Director of the Foundation (or designee), and the Chancellor's Office representative (or designee).

Charitable Trusts Policy

The Foundation shall have the authority to accept gifts of remainder interest in Charitable Remainder Trusts (CRT), whether Unitrust or Annuity Trust where the Foundation serves as a Trustee or Co-Trustee with a commercial Trustee.

Charitable Remainder Trusts
The University encourages its donors to name the Foundation as a remainder beneficiary of a charitable remainder trust (CRT) and will work with its donors to structure the appropriate trust agreement.

The annual payout rate will be a minimum of 5% per IRS regulations. Appropriate rates will vary based on age, term of trust, initial funding level, etc. A CRT can be funded through cash, stock, real estate, or appreciated assets. Charitable Remainder Trusts for which the Foundation is a trustee are administered by the Investment and Finance Committee under a separate trust agreement. The investment of trust funds is fully consistent with the objective of each trust.

While life income gifts offer benefits to both the donor and the Foundation, they also can present risks. To manage these risks, all life income gifts will be reviewed by the Development and Gift Acceptance Committee. Costs associated with the formation of a CRT, such as legal fees to draft the trust agreement, appraisal fees, etc., are the responsibility of the donor.

Charitable Lead Trusts
In a charitable lead trust (CLT), payments are first made to a charity, such as the Foundation. At the end of the trust term, the remainder reverts to one or more individuals (typically heirs). Distributions from a lead trust are processed like cash distributions from other private foundations. However, if the trust provides an irrevocable, dedicated income stream to the Foundation, then a greater amount can be recorded as described in the Foundation gift counting guidelines.

The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Foundation may accept an appointment as Trustee of a charitable lead trust.

Only the income received from the trust in the recording year is considered a gift.

Types of Trust Agreements
The Foundation offers various types of trusts that can be tailored to the donor's charitable interest goals. Some examples are:

- Standard Unitrusts
- Net Income Unitrusts
- Net Income with Makeup Unitrusts
- Flip Trusts
- Annuity Trust

Retirement Plan Beneficiary Designations
Donors and supporters may name the Foundation as primary beneficiary of their retirement plans. The donor may wish to designate another individual as the primary beneficiary, in which the Foundation will be designated as the secondary or contingent beneficiary. Donors can specify an amount or percentage of the retirement plan assets to be gifted to the Foundation.

Donors can contact the administrator of their plan to receive the correct forms to sign. For 401(k) or 403(b) plans, if a donor is married, the spouse must waive their right to survivor benefits from the plan.

The Foundation does not count contingent beneficiary designations in annual VSE fundraising totals.

Beneficiary designations from retirement plans and bequests are not recorded as gifts to the Foundation until such gifts become nonrevocable. The present value is determined when the gift becomes nonrevocable.

The gift becomes nonrevocable if 1.) the donor dies, and the beneficiary accepts the designation; or 2.) the donor funds a CGA or CRT using retirement plan distribution(s).

Life Insurance Policy

The Foundation accepts gifts of life insurance policies. The Foundation will not participate in split-dollar or reverse split-dollar plans, or other forms of partial interest, until such time as the IRS clarifies its position via IRS regulations, IRC codes, or Private Letter Rulings. There are numerous ways in which a donor can use an insurance policy to make a gift. Term policies may be accepted where the Foundation or University has been named as a beneficiary.

Donor Retains Ownership of the Policy, Foundation or University is named Beneficiary
If the donor retains ownership of the policy, a commitment to name the University or the Foundation can be recorded by following the procedures for a Revocable Gift. Future payment of premiums directly to the insurance provider does not qualify as a gift to the University.

Gift of Policy to the Foundation or University, where the Foundation or University becomes Owner and Beneficiary
A donor may wish to transfer ownership of a policy to take advantage of any available income tax benefits. The donor will be advised to seek advice from their professional legal and tax advisor. The gift will be recorded as a hard credit for the cash reserve and a soft credit for the face value of the policy. Payment of each future premium will be recorded as a current cash gift to the Foundation. The Foundation will pay premiums to the insurer directly.

Purchase of New Policy in the name of the Foundation or University, and the Foundation or University becomes Owner and Beneficiary
Other donors may wish to establish a new policy. The policy should be purchased in the name of the Foundation, payment of the initial required premium should be a current cash gift to the Foundation, and the Foundation will provide payment to the insurer to purchase the policy.

The gift will be recorded as a hard credit for the cash payment for the initial premium and a soft credit for the face value of the policy. Payment of each future premium will be recorded as a current cash gift. A gift or pledge agreement must be in place for the donor to make the premium payments to the Foundation in order for the Foundation to pay premiums to the insurer.

If premiums remain to be paid, the donor will make gifts at least equal to the amount of such future premiums. Such gifts will typically be either cash or publicly traded securities and will be processed in the same manner as described above for such assets.

Donor Advice

The Foundation may offer education to a prospective donor with respect to the establishment of a planned gift. In addition, the donor will be advised to seek competent independent counsel for specific tax and legal advice. The University's Planned Giving officer or designee will, if requested, provide the names of no less than three (3) professional advisors qualified in the area of charitable giving. It will be deemed a possible conflict of interest for any member of the Cal State LA Foundation Board of Trustees or University staff to provide such services on behalf of a prospective donor, whether compensated or not. However, a trustee or staff may provide such service if the donor has been fully advised of the potential conflict and has waived such conflict, in writing. In such circumstances, staff shall not ever be compensated outside of the normal scope of their university duties. The donor should be advised to seek independent counsel before signing such waiver. The University's Planned Giving officer will assist the donor's advisors in the design and preparation of such instruments if they seek such help. Trustees of the Foundation and professional staff of the University may act in an advisory capacity on behalf of the Foundation to donor's counsel but shall never be designated as the donor's legal advisor.

Designation of the Foundation as Trustee

The Foundation may accept appointment as a trustee and may outsource all duties to a commercial trustee at the Foundation's discretion. Donors may seek a corporate trustee to serve as trustee of the Charitable Remainder Trust (CRT) where the Foundation does not serve as trustee. If the Foundation or the University is named as the initial or successor trustee of a CRT, the CRT agreement must be signed by the donor, the CRT trustee, and the Executive Director of the Foundation (or another authorized signatory on behalf of the Foundation).

Policy Guidelines

Governing Authorization for Negotiations

Authorization to negotiate current and deferred giving agreements with prospective donors, following the guidelines and format of any agreements approved by the Board of Trustees, without further approval of the Board is given to:

- Foundation ED/Vice President, University Advancement, or designee
- Foundation CFO/Vice President for Administration and CFO, or designee
- Foundation Treasurer

Gift agreements on behalf of the University must include signatures from the following:

- University President, California State University, Los Angeles, or the Vice President for Administration and Chief Financial Officer; and,
- Vice President for University Advancement, or the Associate Vice President for University Advancement

The following shall have the authority to sign gift agreements on behalf of the Foundation:

- Foundation Executive Director
- Foundation Chief Financial Officer
- Foundation Treasurer

However, any party to the gift negotiation shall not sign on behalf of the institution. In such cases, another authorized representative shall sign on behalf of the University and/or Foundation.

Governing Use of Legal Counsel

Prospective donors should seek the advice of their professional legal or tax advisor.

If requested, the Foundation's counsel or the University's Office of Planned Giving may be called upon to draft a trust, annuity or other gift document, subject to approval by the donor's own professional legal counsel. The Foundation's counsel or the University's Office of Planned Giving may also be called upon to review and comment upon documents drafted by the donor's professional legal counsel. The Foundation nor the University shall not give legal, financial or investment advice to prospective donors.

All members of the University and the Foundation shall conduct all activities undertaken on behalf of the University and the Foundation in accordance with accepted professional standards of accuracy, integrity, and good faith.

Governing of Designated Proceeds

All designated proceeds will be used per the requested donor designation, subject to the Foundation's fee policy. All undesignated bequests and matured deferred gifts received without donor designation for a specific college, purpose or program; designation to an area or program that does not exist; or, designation that does not align with the mission of the University, may be designated to a purpose or program at the discretion of the University President.

Such designation shall be in writing in the form of a memo to the Foundation for approval.

Bertha Haro
Bertha Haro (Oct 1, 2024 15:20 PDT)

9/26/2024

Bertha Haro – Chair
Development and Gift Acceptance Committee

Date

Omel A. Nieves
Omel A. Nieves (Oct 1, 2024 19:32 PDT)

9/26/2024

Omel Nieves – President
Foundation Board

Date

Appendix A

Gift Valuation

According to IRS requirements, the value of stock and bonds contributed as a charitable gift is calculated using the average between the high and low trading values on the gift date. For gifts of mutual fund shares, the value is based on the closing net asset value. Additional information on the valuation of securities may be found in IRS Publication561. Any brokerage fees incurred and changes in value resulting from liquidation are considered gains, losses or operating expenses or earnings of programs benefiting by the gift.

Gift Date

The gift date is established as the date on which the donor gave up control of the asset. For stocks transferred electronically, the gift date is the date the stocks are received into a brokerage account belonging to the Foundation.

Gift valuation and gift date will follow CASE guidelines and IRS rules and regulations.

Glossary

Charitable Gift Annuity

This is a contract that provides the donor a fixed income stream for life in exchange for a sizeable donation to a charity.

Closely Held Securities

Closely held non-publicly traded securities include, but are not limited to, debt and equity positions in non-publicly traded companies, interests in limited partnerships and limited liability companies, stock options and S corporation stock.

Council for Advancement and Support of Education

CASE is a nonprofit association of education institutions and is a world leader in helping advancement professionals in colleges, universities, and schools make data-informed decisions.

Donor-Advised Fund (DAF)

These are a giving vehicle that are established (like an investment account) for the sole purpose of supporting charitable organizations. The DAF can be funded with cash, securities, or other assets at a qualified public charity. When the DAF is funded, there is an immediate tax deduction for the funder of the account. The funds are invested for tax-free growth, the funder is also allowed to recommend grants to any eligible nonprofit, like Cal State LA Foundation.

Gifts-in-kind

Per the Council for Advancement and Support of Education (CASE), gifts-in-kind are generally defined as non-cash donations of materials or long-lived assets, other than real and personal property.

Individual Retirement Arrangements (IRA)

Rollover Accounts: This is an account used to transfer money from an old employer-sponsored retirement plan (to a traditional IRA). The purpose of an IRA rollover is to maintain the tax-deferred status of the transferred funds for the donor.

Roth: This is not a tax-deferred savings plan. Contributions to a Roth IRA are not tax deductible. Eligibility to open a Roth IRA is based on the amount of income earned.

Traditional: This is a tax-deferred savings plan. The donor is allowed to make contributions that will be taxed later (presumably when the donor is in a lower tax bracket).

Legal Agent (University)

An authorized person to act on behalf of the University.

Personal Property - Intellectual Property

This is an intangible asset produced through creativity and innovation. Example of intellectual property include:

- Patents
- Copyright of cultural, artistic and literary works
- Computer Software under development

Personal Property - Tangible Asset

These assets can include, but are not limited to:

- Personal collection of art, books, coins or movies
- Cars, boats or aircraft
- Securities
- Equipment
- Printed Materials
- Food or other consumable items
- Gas or Oil Wells

Restricted Securities

Restricted securities are also known as: unregistered securities, investment-letter stock, control stock or private placement stock.

Retirement Plans

Qualified: Employer created plans that satisfy the employee retirement income security act (ERISA) of 1974, such as 401(k) plans, 403(b) plans, and Keogh (HR-10) plans.

Nonqualified: Deferred-compensation plans (that are not individual retirement accounts), executive bonus plans, and split-dollar life insurance plans do not satisfy ERISA requirements.

Voluntary Support for Education (VSE) Survey

The VSE Survey is a questionnaire issued by the Council for Aid to Education (CAE) to assess private giving in higher education.