

NPC FRIENDS AND FAMILY GIFT ACCEPTANCE POLICIES AND GUIDELINES

Northland Pioneer College Friends and Family, Inc. (NPCFF), a not for profit organization organized under the laws of the State of Arizona, encourages the solicitation and acceptance of gifts to or for the benefit of NPCFF for purposes that will help NPCFF to further and fulfill its mission.

The mission of NPCFF is to support and promote lifelong learning through fund raising, advocacy and volunteerism. The primary purpose of NPCFF in fulfilling its mission is to raise funds for scholarships and to award these scholarships to the students of Northland Pioneer College.

NPCFF's board members have a fiduciary duty to assure that NPCFF's assets are used efficiently and protected from potential liabilities and diversion to purposes other than those that further NPCFF's goals. The following policies and guidelines govern acceptance of gifts made to NPCFF or for the benefit of any of its programs.

I. Purpose of Policies and Guidelines

The executive director of NPCFF and its board of directors solicit current and deferred gifts from individuals, corporations, and foundations to secure the future growth and mission of NPCFF. We appreciate donors' consideration of any gift to NPCFF. In all matters involving current and prospective donors, the interest of the donor is important to NPCFF. Please call NPCFF's Executive Director at 928-536-6245 if you have any questions or if you wish to discuss any aspect of this policy.

These policies and guidelines govern the acceptance of gifts by NPCFF and provide guidance to prospective donors and their advisors when making gifts to NPCFF. The provisions of these policies apply to all gifts to NPCFF for any of its programs. Gifts will be accepted only if they do not interfere with NPCFF's mission, purpose and procedures.

NPCFF shall accept only such gifts as are legal and consistent with organizational policy. NPCFF does not provide tax advice and recommends that if donors have questions about charitable tax benefits, they consult a tax professional.

NPCFF safeguards the confidentiality of the donor relationship, providing full disclosure to the donor of how gifts are recorded, allocated and used according to the donor intent and designation.

II. General Policies Relevant to All Gifts

A. Use of Legal Counsel

NPCFF shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- 1) Closely held stock transfers subject to restrictions or buy-sell agreements.
- 2) Documents naming NPCFF as Trustee.
- 3) Gifts involving contracts, such as bargain sales or other documents requiring NPCFF to assume an obligation.
- 4) Transactions with potential conflict of interest that may involve IRS sanctions.
- 5) Other instances in which use of counsel is deemed appropriate by the NPCFF board.

B. Conflict of Interest

NPCFF will strongly encourage all prospective donors to seek the assistance of independent personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. NPCFF and its employees and agents are prohibited from advising donors about the tax consequences of their donations. Gifts are also subject to the provisions of other NPCFF policies, including adopted Conflict of Interest policies.

NPCFF makes every effort to ensure accepted gifts are in the best interests of the organization and the donor. NPCFF works to follow The Donor Bill of Rights adopted by the AAFRC Trust for Philanthropy, the Association of Fundraising Professionals and other professional organizations. NPCFF will comply with the Model Standards of Practice for the Charitable Gift Planner, promulgated by the National Committee on Planned Giving, shown as an appendix to this document.

C. Restrictions on Gifts

NPCFF will accept unrestricted gifts, and gifts for specified programs and purposes, provided that such gifts are consistent with its stated mission, purposes, and priorities. NPCFF will not accept gifts that are too restrictive in purpose. Gifts for purposes that are not consistent with NPCFF's mission or consonant with its current or anticipated future programs cannot be accepted. Examples of gifts that are too restrictive are those that violate the terms of the Articles of Incorporation, gifts that NPCFF feels it is unable to administer, or gifts that are for purposes outside the mission of NPCFF. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the board of directors of NPCFF.

D. Establishing the Value of Donated Property

It is the policy of NPCFF to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov or at NPCFF's office. Property contributed to NPCFF that has a value in excess of \$5,000 must be accompanied by an appraisal unless it consists of (i) cash, (ii) marketable securities, (iii)

closely held securities with a value of \$10,000 or less, (iv) a vehicle, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many different people and purposes (and not primarily either for NPCFF or for the donor) and who is not employed by NPCFF, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for NPCFF and one for the donor.

NPCFF reserves the right to alter the value of property contributed to it on the books and records of NPCFF for accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of NPCFF after the gift is completed are determined, in the discretion of the Committee or NPCFF's auditors, to merit such an alteration.

E. Tax Compliance

NPCFF's policy is to comply with Internal Revenue Service reporting requirement and all other aspects of state and federal tax law.

III. Types of Gifts

The following gifts are acceptable but not intended to represent an exclusive list of appropriate gifts:

- Cash
- Tangible Personal Property, including vehicles
- Securities
- Real Estate
- Remainder Interests in Property
- Oil, Gas, and Mineral Interests
- Bargain Sales (The **sale** of a good or service to NPCFF for less than the fair market value of the good or service received)
- Life Insurance
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retirement Plan Beneficiary Designations
- Bequests
- Life Insurance Beneficiary Designations

Because of the level of management and commitment required by both donor and recipient, Charitable gift *annuities* are **not** deemed acceptable gifts for NPCFF.

The board of directors of NPCFF shall make the final determination on the acceptance or rejection of gifts of all forms and inform the NPCFF executive director of such determinations in a timely manner.

The following criteria govern the acceptance of each gift form:

- 1) **Cash.** Cash refers to cash equivalents, including checks, money orders, currency/coin, and credit card payments. Checks or money orders shall be made payable to “Northland Pioneer College Friends and Family, Inc.”, shall appropriately identify the donor or donors and be delivered to NPCFF’s administrative offices. Wire and Electronic Funds Transfer (EFT) can usually be arranged with the NPCFF staff.
- 2) **Tangible Personal Property.** All other gifts of tangible personal property shall be examined in light of the following criteria:
 - Does the property fulfill the mission of NPCFF?
 - Is the property marketable?
 - Are there any undue restrictions on the use, display, or sale of the property?
 - Are there any carrying costs for the property?
- 3) **Securities.** NPCFF can accept both publicly traded securities and closely held securities.
 - Publicly Traded Securities. Marketable securities may be transferred to an account maintained at a brokerage firm or delivered physically with the transferor’s signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the investment 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 shall be made by the board of directors of NPCFF.
 - 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. Such gifts, however, must be reviewed prior to acceptance to determine that:
 - a) there are no restrictions on the security that would prevent NPCFF from ultimately converting it to cash;
 - b) the security is marketable; and
 - c) the security will not generate any undesirable tax consequences for NPCFF.

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 board of directors of NPCFF with the advice of legal counsel shall make the final determination on the acceptance of closely held

securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- 4) **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, NPCFF shall require an initial environmental review of the property to ensure that the property has no environmental damage or potential liability. In the event the initial inspection reveals a potential problem, NPCFF shall retain a qualified inspection firm to conduct an environmental audit. Non-residential properties shall definitely require a Phase I audit. The cost of environmental audits shall generally be an expense of the donor.

When appropriate, a title insurance binder shall be obtained by NPCFF prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor. Prior to acceptance of real property, the gift shall be approved by the board of directors of NPCFF with the advice of NPCFF's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of NPCFF?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other 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 that the property is not damaged?

- 5) **Remainder Interests in Property.** NPCFF will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of their stated life or lives. Upon termination of the life interest, NPCFF may use the property or reduce it to cash. Where NPCFF 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 life tenant(s).

- 6) **Oil, Gas, and Mineral Interests.** NPCFF may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the NPCFF board of directors with the advice of NPCFF's legal counsel, if necessary. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have 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.

- The property should undergo an environmental review to ensure that NPCFF will have no current or potential exposure to environmental liability.

7) **Bargain Sales.** NPCFF will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of NPCFF. All bargain sales must be reviewed and recommended by the executive director and approved by the board of directors. Factors used in determining the appropriateness of the transaction include:

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

8) **Life Insurance.** NPCFF will generally accept life insurance but it 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. Whether any policy is accepted will depend on the economics of the transfer. If the donor contributes future premium payments, NPCFF will include the 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, NPCFF may:

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

9) **Charitable Remainder Trusts.** NPCFF may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the board of directors. NPCFF will not accept appointment as trustee of a charitable remainder trust.

10) **Charitable Lead Trusts.** NPCFF may accept a designation as income beneficiary of a charitable lead trust. NPCFF will not accept an appointment as Trustee of a charitable lead trust.

11) **Pooled Income Fund.** NPCFF does not maintain a pooled income fund. Donors who are interested in using a pooled fund as a planned giving vehicle may discuss contributions to the pooled income fund maintained by the Arizona Community Foundation (the "Foundation") with the Foundation's Vice President for Donor Relations by calling (207) 667-9735 or (877) 700-6800. The Foundation's pooled

income fund can accept contributions of cash or marketable securities, with a minimum initial contribution of \$10,000, which will be invested for the life of the donor or any other person or persons. During the investment period, income earned by the donor's contribution will be paid to the donor or the donor's designees. When all the designated income beneficiaries have died or when the term of years for which the income interest has been reserved has expired, the Foundation will sever from the pooled fund the donor's pro rata share of the fund's invested assets and transfer those assets to NPCFF.

- 12) **Deferred Compensation/Retirement Plan Beneficiary Designations.** NPCFF generally will accept gifts designating NPCFF as a beneficiary of the donor's retirement plans including, but not limited to, IRA's, 401(k)'s 403 (b)'s and other plans. Such designation will not be recorded as a gift to NPCFF until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- 13) **Bequests.** Donors and supporters of NPCFF will be encouraged to make bequests to NPCFF under their wills and trusts. Such bequests will not be recorded as gifts to NPCFF until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable. The criteria for the acceptance of the gift or bequest will be the same as otherwise provided herein.
- 14) **Life Insurance Beneficiary Designations.** Donors and supporters of NPCFF will be encouraged to name NPCFF as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to NPCFF until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

IV. Miscellaneous Provisions

A. Securing appraisals, environmental review, assessment or remediation costs and legal fees for gifts to NPCFF. The cost to secure an appraisal, environmental review, assessment or remediation (where required) and independent legal counsel for any gifts proposed to be made to or for the benefit of NPCFF are generally the donor's responsibility.

B. Fees and Commissions

NPCFF does not pay "finder's fees" or commissions to third parties in connection with any kind of gift to NPCFF. NPCFF does, however, pay reasonable commissions and fees to properly negotiate and transfer assets. No officer, employee or agent of NPCFF is or will be compensated in a manner that is dependent on the size or nature of gifts made to NPCFF by any person. If NPCFF engages legal counsel, accounting professionals, appraisers or environmental consultants, their fees and expenses will be

determined by the time they spend engaged in NPCFF's work and not by reference to any particular gift in connection with which they are retained.

C. Trips and Special Events

When trips or special events involve a charitable contribution, the fair market value and the charitable contribution amount for each participant will be stated specifically in the promotional literature and donor acknowledgment letter. Donations given to offset the costs of a special event must be recorded as gift income, rather than as a credit to an expense account.

D. Changes to Gift Acceptance Policies

The Board of NPCFF must approve any changes to these policies. The policies will be regularly reviewed.

Approved by the Board of NPCFF by June 30 each year and amended by July 31 each year.

President, NPCFF Board of Directors

Please review these attached documents as needed:

- A. **Model Standards of Practice for Charitable Gift Planners** - <https://charitablegiftplanners.org/standards>
- B. **Environmental Review Information** - <https://www.environmentalworks.com/phase-i-environmental-site-assessment-checklist/>
- C. **IRS Form 8282, plus Instructions** - <https://www.irs.gov/pub/irs-pdf/f8282.pdf>
- D. **IRS Publication 561: Determining the Value of Donated Property** - <https://www.irs.gov/forms-pubs/about-publication-561>
- E. **IRS Publication 526: Charitable Contributions** - <https://www.irs.gov/forms-pubs/about-publication-526>

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