



GIFT POLICY

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BY THE
BOARD OF TRUSTEES**

GIFT POLICY

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GIFT POLICY

Preface

These guidelines for accepting gifts offered to the University of La Verne represent a policy created by the Executive Vice President and Vice President for University Advancement. This policy has been approved by the Board of Trustees.

These guidelines are not intended to create gridlock and delays. Rather, having anticipated all possible types and forms of gifts make acceptance of gifts easier and more timely. The University reserves the right to change this policy at its sole discretion without written notice.

In all instances, it is important to remember that acts of philanthropy are (often) quite personal expressions of values deeply held by the donor. It is always incumbent upon the University to treat donors and their ideas with the respect we ourselves would expect when offering to support a “cause” that is personally very important. It is also essential to realize that a gift of any size is rarely the last gift from a donor and rarely the largest one. Our goal is to develop and maintain long-term, lifelong relationships between donors and the University as a means of attracting dramatic philanthropic support of the mission of the University of La Verne. Careful, respectful management of current gift negotiations and ongoing relationships are essential to reaching this goal, and thereby to optimizing opportunities for philanthropy in the future.

PART ONE: OVERVIEW

I. INTRODUCTION

- A. University of La Verne strongly encourages the solicitation and acceptance of gifts which enable it to fulfill its purpose of teaching, research, and community service. For an institution dedicated to higher education, gifts are essential. The University of La Verne cannot succeed without them.
- B. Private gifts and/or grants may be sought from individuals, corporations, foundations, federal, state, local governments and other entities. The most useful gifts are those with the fewest possible restrictions. Unrestricted funds allow University of La Verne to address its most pressing needs.
- C. Because the acceptance of gifts may legally commit the University of La Verne and its Board to obligations extending far into the future, the Board of Trustees must formally authorize the University's gift policies and procedures and require that such policies and procedures be implemented in the most effective and efficient way. The Board must oversee the program by virtue of its authority, providing the means whereby the program can be operated by competent personnel responsible to the Board.
- D. This policy is designed to provide guidance to the University of La Verne community and the general public so as to facilitate the gift-giving process.
- E. This is a fluid document. References to IRS regulations, tax legislation, and other matters will need to be revised from time to time.

II. GENERAL POLICIES

All employees, representatives, or friends of the University of La Verne are encouraged to refer any prospective donor to the Vice President for University Advancement who will assign the prospect to the appropriate Director of Development for cultivation.

- A. Conflict of Interest. The interests of the prospective donor shall be a primary consideration with respect to any gift to the University of La Verne. Pressure techniques shall be avoided and no program, agreement, trust, or contract shall be presented which would benefit the University at the expense of the donor's best interests and charitable motivations.
- B. Confidential Information. All information obtained from or about donors or prospects shall be held in strictest confidence by the University of La Verne. The University will respect donor wishes in regard to publication of information or other forms of recognition.

- C. Legal and Tax Counsel. Donors shall be encouraged, and in some cases, required to secure the advice of independent legal and tax counsel in all matters pertaining to a gift to the University of La Verne. All major planned gift proposals and gifts-in-kind acknowledgments will contain a statement similar to the following:

“We encourage and recommend that you consult with your attorney, financial advisor, insurance professional and/or tax advisor to review and approve any information or other materials provided to you by the staff of the University of La Verne. Information provided by the University is for educational purposes, and although we are unable to serve as your attorney, financial advisor, insurance advisor, or tax consultant, we will be more than willing to work with your independent advisors to assist you in making your decision.”

- D. Restrictions. Gifts may be sought only for purposes, positions, and programs which are consistent with the goals and mission of the University of La Verne.
1. University of La Verne is unable to receive gifts which are too restrictive in purpose or inconsistent with its stated academic purposes and priorities. Gifts the University receives must not inhibit it from seeking gifts from other donors, be they similar or different, foreign or domestic. Further, no gift can be received which limits, beyond a general definition of subject area, the research that a faculty member or student can perform.
 2. University of La Verne values and will protect its integrity, its independence, and the academic freedom of the University community. Gifts that may expose the University to adverse publicity, require expenditures beyond the University's resources, or involve the University in unexpected responsibilities because of their source, conditions, or purpose will be referred to the Finance Committee. The Finance Committee may withhold approval of acceptance, pending a review by faculty members or administrative personnel appointed for that purpose. Under other circumstances, the Finance Committee delegates the authority to receive gifts and, in appropriate cases, receives gifts directly.
 3. University of La Verne cannot receive gifts which require the institution to unlawfully discriminate based upon race, religion, sex, age, national origin, sexual orientation, color, handicap, or any other basis prohibited by federal, state, and local laws and regulations. Nor will the University receive gifts which obligate it to violate any other applicable law or regulations, or which violate the By-laws of the University of La Verne. University Advancement will review all gifts to ensure compliance with this policy.
 4. If an individual or organization channels funds through the institution to support a student specified by the individual or organization, these funds are not gifts to the institution. They should not be reported as gift income anywhere in the report.

III. UNUSUAL GIFTS

While many gifts received by the University of La Verne, such as cash and securities, can be routinely processed by the University Advancement Department, certain gifts involving unusual funding arrangements shall be reviewed and approved by the Finance Committee, which receives its authority from the University of La Verne Board of Trustees, pursuant to the By-laws of the University.

A. Gifts to be Reviewed.

The Vice President for University Advancement will refer the following types of gifts to the Finance Committee. Other gifts not anticipated by the policy will be subject to review at the Chair's discretion.

1. Gifts requiring the institution to make unique financial or other commitments.
2. Large gifts to be designated to something other than an institutional priority.
3. Gifts of intangible and unusual personal property.
4. Gifts of non-publicly traded securities.
5. Gifts of partnership interests and other non-traditional investments.
6. Gifts requiring unusual funding arrangements.
7. Gifts of real estate (see Appendix A for existing guidelines).
8. Life income contracts with the University to be funded by assets other than cash, stock, or real estate.
9. Gifts requiring the University to pay fees or expenses.
10. Gifts with special restrictions which may be difficult to administer (i.e., endowed scholarships or other funds which are unrealistically restricted by the donor).
11. Gifts worthy of the University's consideration that are exceptions to the rules, including those which may not meet endowment minimums or naming opportunity guidelines.
12. Gifts where the donor requests that the University enter into a retained life interest agreement on a residential piece of property.
13. Endowment or other gifts with conditions, i.e., name a chair, gifts with significant ongoing requirements.
14. Gifts of life insurance

B. Procedures.

A written summary presented to the Finance Committee by facsimile or in meeting shall contain the following information:

- Description of gift;
- Purpose of gift;
- Estimated fair market value of gift (including appraisal when available);
- Any anticipated income and expenses associated with the gift;
- Historical background/research on proposed gift;
- Staff analysis of risks and benefits.

The Finance Committee will review information provided by the Chair and make determination to accept, request further information about, or reject the prospective gift. The Finance Committee will keep a written record of Committee decisions and forward a copy to the donor's University Advancement file.

C. Reporting

For gifts accepted and not reviewed by the Finance Committee, there shall be a monthly report of gifts accepted provided to the Finance Committee and the Executive Committee.

IV. FIDUCIARY COMMITMENT AND DISCLOSURE REQUIREMENTS

A. Fiduciary Commitment

1. The Finance Committee will approach each gift with the full knowledge that by accepting any gift the University shall be required to employ the utmost professionalism and fiduciary responsibility.
2. Legal and financial counsel must be employed to update donors and the University on matters relating to gift giving.
3. In the case of life income and endowment gifts, the Finance Committee recognizes that these gifts assume and require a lifetime relationship with the donor.
4. Stewardship is a major function of life income and endowment gifts, including the need for full disclosure of the way in which these funds are handled.

B. Appraisal Requirements

Qualified appraisals are required for contributions of property other than money and publicly traded securities if the aggregate reported value of the item of property exceeds Five Thousand Dollars (\$5,000). In the case of non-publicly traded stock, a qualified appraisal must be obtained if the value exceeds Ten Thousand Dollars (\$10,000), although for gifts greater than Five Thousand Dollars (\$5,000), a donor must attach a

partially completed appraisal summary form to his or her tax return. For details of appraisal requirements see Appendix B for the donors who are affected, types of appraisal required, and recommended appraisers.

V. DONOR DESIGNATION OF GIFTS

A. Currently Expendable Gifts (Restricted and Unrestricted)

A number of currently expendable restricted funds exist which enable donors to specifically direct their giving to a particular department, area of study, scholarship, etc. These gifts are immediately expendable and must be spent within 24 months of the gift being received. Restricted gifts will be used in accordance with the donor's wishes.

B. Designation of Gifts

Gifts of \$25,000 or less which are donated to the University without any express designation placed upon them will be credited to the unrestricted fund accounts. Prior to the designation of larger gifts (greater than \$25,000), the University Advancement Department shall examine the donor's file to determine if there are any outstanding pledges to which the gift could apply.

Donors may designate use of their gift for any University project, program, endowment, or scholarship fund.

C. Endowment Gifts (Restricted and Unrestricted)

University of La Verne may approve the establishment of restricted and unrestricted endowment funds upon receipt of gifts or commitments which meet its approved financial criteria and other applicable criteria.

The endowment spending rate is set by the Board of Trustees.

The terms and conditions of special purpose endowments will be reviewed by the Vice President of University Advancement.

Gifts that are less than \$50,000 and designated to the endowment by donors will be added to the general endowment funds. A separately named endowment may be established with a minimum gift of \$50,000 (see Named Endowment Funds for details). Exceptions may be recommended by the Vice President of University Advancement.

D. Named Endowment Funds

University of La Verne is willing to work with prospective donors on the terms and conditions of other restricted or unrestricted endowment funds, provided the funds support traditional activities or functions and are large enough to yield a meaningful annual income.

There are several types of individually named endowment funds. Typical named endowment funds and the corresponding minimum funding requirements may be found in Appendix C.

Because conditions change over time, all endowment instruments will contain the following clause:

“If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interests of University of La Verne, giving consideration to my/our special interest as evidenced by the purposes designated herein.”

When structuring any endowment fund, the following criteria should be established:

- purpose of the fund and to whom the money is to go;
- any required reporting to the donor, including information about frequency and detail of these reports.

VI. PAYMENT OF FEES RELATED TO GIFTS

A. Finder’s Fees or Commissions

The University of La Verne will not pay a fee to any person as consideration for directing a gift to the University.

B. Professional Fees Relating to Gift Arrangements

In most cases, the donor will be responsible for the payment of fees for services rendered in connection with the completion of a gift to the University of La Verne. However, the University may pay fees that are reasonable and directly connected to the completion of the gift, provided that such fees will be paid only following discussion with and approval by the donor.

In cases where the donor employs professional advisors, the University may reimburse the fees to the donor. In such cases, the donor shall be notified that reimbursement may result in taxable income for the amount of fees paid.

In situations where advisors retained by University of La Verne prepare documents or render advice in any form to the University and a donor, it shall be disclosed to the donor that the professional involved is in the employ of the University and it not acting on behalf of the donor. Any documents or other advice rendered in the course of the relationship between the University and the donor should be reviewed by counsel for the donor prior to completion of the gift.

VII. FINAL APPROVAL, ACCEPTANCE, EXECUTION, AND ADMINISTRATION BY UNIVERSITY OF LA VERNE

- A. Documents effectuating the acceptance of gifts of real estate must be approved by University legal counsel and executed by the authorized University official(s).
- B. It is the responsibility of the University Advancement Department to inform the Accounting Department of the conditions of each gift in a timely manner.
- C. Management and investment of all annuities, trusts, and life income funds, in accordance with policies established by the Investment Committee of the Board of Trustees, are the responsibility of the Treasurer's Office.
- D. Recognizing the critical role it plays in donor relations, the Accounting Department will collaborate with the University Advancement Department regarding all current and anticipated activity, correspondence, and information related to the University of La Verne donors.

PART TWO: GIFT PLANNING ALTERNATIVES, METHODS OF GIVING, AND PROCEDURES

I. INTRODUCTION

All giving falls into two categories: (1) current giving and (2) deferred giving. Various types of assets may be used to fund both deferred and current gifts to University of La Verne. The University offers a variety of current and deferred giving vehicles, which enable donors to choose the most appropriate way of giving suited to their individual circumstances and needs.

II. CURRENT GIVING

- A current gift involves the transfer of money or property to a qualified charitable organization by a donor, without receipt of consideration or economic benefit.
- Current gifts are those placed at the immediate disposal of University of La Verne and in which the donor retains no interest.
- Current gifts may be either restricted or unrestricted in purpose.
- Large gifts (\$5,000 to \$24,999) donated to University of La Verne without any designation will be deemed unrestricted. (See page 5, Part One, V., B. for details).
- Larger gifts (\$25,000 and up) without any designation will be reviewed by the Board of Trustees for possible designation.
- Most types of property may be donated to University of La Verne, although all gifts other than cash and public securities must comply with the procedures described in pages 19 through 23, Section IV., C. through G.

III. DEFERRED GIVING

A. Introduction

A deferred gift involves the irrevocable transfer of an asset to a charitable organization. The donor generally retains either an income stream or the remainder interest.

The current tax laws allow several planning alternatives for deferred gifts, although a donor will not receive charitable income, gift, or estate tax deductions unless the program selected is in compliance with the requirements established by the Internal Revenue Code (hereinafter "IRC").

Typical deferred giving (also known as planned giving) vehicles include the following:

- Bequests

- Charitable Gift Annuities (CGA)
- Deferred Gift Annuities (DGA)
- Charitable Remainder Trust (CRT)
- Charitable Lead Trust (CLT)
- Pooled Income Funds (PIF)
- Life Insurance (LI)
- Gifts of Remainder Interest in Personal Residence or Farm
- Bargain Sale

These gifts do not immediately confer institutional ownership and generally are not taken out of current earnings.

The University may share in the charitable interest with another charity.

The University may serve as sole trustee (if it is a 50% remainder beneficiary or more) or co-trustee of any deferred gift which requires the appointment of a fiduciary, except as prohibited by the Finance Committee.

The University will charge a trust administrative fee if it serves as trustee administrator on any trust to which the University is less than a 50% beneficiary. The fee will be reasonable, at the sole discretion of the University, and adjustable annually for increasing expense including inflation.

Upon maturation, planned gift funds shall be designated according to the donor's wishes, provided those wishes are congruent with University policy at the time. Otherwise, these designations shall be referred to the Finance Committee.

The deferred giving program supplements and enhances the overall development programs of the University by:

1. Offering opportunities to make gifts during a donor's lifetime to those who desire to retain some income from their capital for themselves and their beneficiaries.
2. Enabling donors to make larger gifts during their lifetime than could normally be made.
3. Encouraging estate planning by offering lifetime and testamentary gift opportunities available under existing tax laws.

All agreements and other documents related to planned gifts should be reviewed by the donor and their tax and legal counsel before a gift is accepted by the University of La Verne. The University shall advise donors in writing to engage in such review.

B. Bequest in Will and Living Trust

Description: A bequest is a gift of any amount or form made to University of La Verne in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a percentage of the residue of the estate.

Bequests may be given as unrestricted or restricted gifts. Unrestricted bequests of less than \$25,000 are used for general operations and can be applied to current institutional needs unless otherwise directed by the Board of Trustees. A named unrestricted endowment fund or named restricted endowment fund may be established as indicated in pages 5 through 6, Part One, V. In the case of unrestricted endowment gifts (i.e., endowed funds memorializing individuals) the Finance Committee shall recommend the purpose and use of such a gift to the Board of Trustees. Restricted bequests will support the purpose or program designated by the donor. A gift in any amount may be accepted as a contribution to an existing fund earmarked for a specific need of the University so long as the terms and conditions of the existing fund so permit.

Donors may also establish, by bequest, a testamentary charitable remainder annuity trust or unitrust. The bequest can be arranged so as to provide a life income for a designated beneficiary or beneficiaries. If such a gift is made by will, the principal will pass to University of La Verne only after the death of the life income beneficiary or beneficiaries.

Policy: Gifts may be made to University of La Verne through the execution of a new will or living trust, or addition through a codicil or otherwise, to an existing will or living trust. Donors may also add either a residual or contingent codicil to their wills.

When working with donors and attorneys regarding the creation of a new bequest provision, the University Advancement Department is encouraged to use the "Suggested Forms of Bequest Language" as detailed in Appendix D.

Donors are encouraged to recognize that over the many years following the establishment of an endowment, the needs, policies, and circumstances of University of La Verne can change in unforeseen ways. The University administration must have the flexibility to make use of funds in the best interest of the institution and in accord with donor interests and specifications. Thus, donors are advised to describe the specific purposes of their gifts as broadly as possible and to avoid detailed limitations and restrictions. Donors considering bequests for a specific purpose are encouraged to consult the University Advancement Department.

Estate gifts of any kind may be declined. The legal counsel of University of La Verne shall expeditiously communicate the decision of the Finance Committee to the legal representatives of the estate.

The fair market value of the gift at the time the University receives the distribution of the estate assets will be used to value bequests.

C. The Charitable Gift Annuity (CGA)

Description: A charitable gift annuity is a contractual arrangement between the donor and the University of La Verne. The donor transfers money or property to the University in exchange for a promise to pay an annuity to the donor and/or named beneficiaries for a specified period of time.

In return for an irrevocable gift of money, securities, or real property, University of La Verne will pay the donor and/or beneficiary a guaranteed rate of annual income for life. The annuity is secured by all of the University's assets and the rate of return is determined by the age of the donor and/or beneficiary at the time of the gift. 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 part regarded as purchase of the annuity), the donor is allowed an income tax deduction in the year established.

When appreciated property is donated, capital gain will be taxed to the donor; however, the taxable gain may be reported in equal installments over the life expectancy of the donor.

The rate of return to the donor, based on the annuity tables approved by the Investment Committee of the Board of Trustees, is established on the basis of approximately fifty percent (50%) of the market value of each gift being available to the University at the death of the last annuitant.

Policy:

If appreciated property is offered by the donor, the Planned Giving representative must inform the donor as to what portion of the gain is taxable to him/her and recommend that the donor consult his/her tax advisor prior to signing the contract.

The recommended minimum gift for an annuity agreement is \$10,000. The gift annuity shall be valued at its fair market value at the time of the gift.

Agreements may provide for a maximum of two beneficiaries.

The recommended minimum age for a beneficiary will normally be 50 years.

At the death of the last annuitant, the principal is released for University purposes as designated by the donor.

The charitable gift portion must be at least ten percent (10%) of the fair market value of the gift.

Annuity agreements shall be written in conformity with the provisions of the California Insurance Code and reported to the Commissioner of Insurance.

It is the responsibility of the Accounting Department to report annuity rates and new contracts, and apply for licenses or certification to the Commissioner of Insurance.

D. Deferred Gift Annuity (DGA)

Description: The Deferred Gift Annuity is essentially the same as the Gift Annuity with the exception that the payments to the annuitant or beneficiary would be postponed until a later date stated in the agreement. The maximum deferral period is 20 years. Because annuity payments are deferred for some time, the payout rates for a deferred gift annuity are higher than a current gift annuity. The greater the number of years of deferral the higher the payout rate.

Policy: Generally, the same policies would be effective as applicable to the Gift Annuity.

E. Charitable Remainder Trust (CRT)

A charitable remainder trust is an irrevocable trust created either during the life of the donor or through the donor's will (a testamentary charitable remainder trust). The trust must provide that a specified sum certain (not less than 5%) of the trust's value is paid to one or more beneficiaries on an annual or more frequent basis. At least one beneficiary must be noncharitable.

The trust is created for a predetermined number of years, not to exceed 20, or for the lives of the named beneficiaries. When the noncharitable interests terminate, the remainder must pass to the charity.

Two alternatives are available for charitable remainder trusts: (1) a unitrust pays a fixed percentage of trust assets (not less than 5%) determined annually; (2) an annuity trust pays a fixed annuity and requires that a sum certain (not less than 5%) of the initial fair market value of trust assets be paid at least annually to the named income beneficiary or beneficiaries.

A recommended minimum contribution of \$50,000 is required for a unitrust and \$10,000 for an annuity trust.

1. Charitable Remainder Unitrust (CRUT)

Description: The primary feature of a charitable remainder unitrust is that it can be for life or a specified term of years, after which the trust assets pass to University of La Verne. Only assets of the trust may be used to satisfy the commitment to the donor; assets of the University are not involved. Life income payments will fluctuate each year depending on the fair market value of the unitrust's assets.

Per 1997 tax rulings, the charitable remainderman of a unitrust must equal more than 10% of the unitrust's fair market value when it is funded in order to qualify as a charitable remainder trust.

During the donor's lifetime, the trust assets are managed and invested by the trustee as a single fund. The donor cannot borrow or otherwise deal with the trust assets. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

- a. Straight Unitrust. The basic form of unitrust provides for payment to the donor and/or beneficiary monthly, quarterly, semi-annually, or annually an amount equal to a set percentage of the fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is irrevocable. If annual income and/or capital gain does not equal the committed percentage, principal is used to make up the difference. If there is excess, it is added to the principal.
- b. Net Income with Make-up Provision Unitrust. A variation of the basic unitrust may be used if agreed upon by the donor and the University. When the trust is created, and if stated in the agreement, provision may be made for payment each year of income only, if that amount does not equal the amount represented by the determined percentage. Any excess over the determined percentage in later years will be used to make up the deficit from previous years before being added to the principal.
- c. Income Only Unitrust. Another variation of the basic unitrust, if agreed to by the donor and the University, may provide that income only, up to the stated percentage of the assets, will be paid to the donor each year with no make-up in subsequent years for a prior deficiency. The excess in any year is added to the principal.

Policy: Particular care must be exercised in recommending the straight unitrust due to the danger of invasion of principal to the extent that the gift principal is drastically reduced.

Investment policy for a straight unitrust is to invest for growth in order to minimize the invasion of principal. For a net income unitrust, investment policy should maximize income up to the amount which may be paid to the beneficiary, as long as the safety of the principal is not jeopardized.

The holdings of each trust should be reviewed at least annually by the Investment Committee of the Board of Trustees.

Currently, the minimum original gift for a Charitable Remainder Unitrust is \$50,000. The Charitable Remainder Unitrust shall be valued at its fair market value at the time of the gift.

Charitable Remainder Unitrust Agreements may provide for one or more beneficiaries.

A life income beneficiary of a Charitable Remainder Unitrust will normally be 50 years of age or older. Exceptions to this minimum age requirement must be approved by the Finance Committee.

At the death of the last beneficiary, the assets of the trust shall be released for use as provided in the trust agreement. If no such provision is contained in the trust agreement, it shall be referred to the Finance Committee.

2. Charitable Remainder Annuity Trust (CRAT)

Description: The annuity trust shares many common features with the unitrust, the principal difference being the manner used to calculate the payment to the income beneficiary. Whereas the unitrust provides for a payout that varies with each annual valuation, the annuity trust provides for fixed payments based upon the fair market value on the date the trust is established. Another difference is that additional contributions cannot be made to an annuity trust.

The donor irrevocably transfers assets to a trust. The trustee pays the donor, or the beneficiaries specified, a fixed dollar amount annually for life or for a predetermined term of years (not to exceed 20 years). This must equal at least five percent (5%) of the fair market value of the assets placed in the trust when it was created. The trust can also provide income for the donor's survivors for life; however, upon the donor's demise, the trust assets become the sole property of University of La Verne. Income in excess of the annual payment is added to the principal. If the income in any one year is less than the annual payment, the difference comes from the principal.

Only assets of the trust back the commitment to the beneficiary; other assets of the University are not involved.

Policy: Representatives of the University Advancement Department are authorized to solicit gifts for annuity trusts which may be invested in stocks, bonds, or other holdings as meet the interests of the donor.

The holdings of each trust should be reviewed regularly by the Investment Committee at least annually.

The beneficiary of a Charitable Remainder Annuity Trust should be no less than 50 years of age.

Charitable Remainder Annuity Trust agreements may provide for a maximum of one or more beneficiaries.

The minimum gift for a Charitable Remainder Annuity Trust is \$10,000. The Charitable Remainder Annuity Trust shall be valued at its fair market value at the time of the gift.

At the death of the last beneficiary, the assets of the trust shall be released for use as provided in the trust agreement. If no such provision is contained in the trust agreement, it shall be referred to the Finance Committee.

F. Charitable Lead Trust

Description: A Charitable Lead Trust is a form of split-interest gift. A lead trust is similar to a charitable remainder trust although the University or other qualified charity receives the income interest with the remainder interest passing to the donor or some other designated beneficiary. Annuity and unitrust options are available. Charitable Lead Trusts come in three basic formats and can be designed to achieve a number of objectives. The three varieties are as follows:

1. Qualified Grantor Trust meets the technical requirements necessary for the grantor to receive an income, estate, and gift tax charitable deduction for donating the asset to the charitable trust. The donor will be taxed on the trust income and will receive no further income tax deduction for the annual distributions from the trust to the charity.
2. Qualified Nongrantor Trust is similar to a qualified grantor charitable lead trust, with one key exception. A donor will receive a gift and estate tax charitable deduction but will not be eligible for an income tax charitable deduction. This alternative is suited to a situation where a donor's primary objective is to reduce the transfer tax on the transfer of the noncharitable remainder to other beneficiaries.
3. Nonqualified Grantor Trust does not generally qualify for an income or transfer tax charitable deduction. The donor remains taxable on the trust income and the grantor will take a charitable income tax deduction each year the trust gives income to the charity. This alternative is designed to provide a donor with maximum flexibility.

Policy: The grantor rules and split interest deduction rules are very complex and technical. Extreme caution should be exercised when recommending or implementing a charitable lead trust. As a matter of institutional policy on all gift matters of this type, University of La Verne must advise donors in writing to rely upon their legal and tax advisors in determining whether or not to pursue the gift of a charitable lead trust to the University.

A minimum contribution of \$50,000 is required. Trust income is taxable and the grantor may take a charitable income tax deduction each year the trust gives income to the charity.

G. Pooled Income Fund (PIF)

Description: A pooled income fund is a trust administered by a charitable organization. Each donor contributed property to the pooled income fund in exchange for a proportionate share of the income from the fund for life. The amount distributed to individual beneficiaries will fluctuate from year to year, depending upon the fund's actual investment performance. When the donor or other designated life beneficiary dies, a portion of the assets in the fund is severed and turned over to the charity.

The investment objective of the fund is to generate the maximum current income for the benefit of the donors, while observing sound investment practice.

On the basis of the gift, each of the designated beneficiaries is assigned units representing proportionate shares of the fund's net income.

All income received in the fund during the year, not including capital gains or stock dividends (which are added to the trust principal), must be paid out to donors during the same year on the basis of units held by each. Income is paid to new donors from the date of the gift. Only income is paid; there shall be no invasion of principal, and the assets of the University are not committed.

Policy: If a potential gift is exceedingly large relative to the total value of the Pooled Income Fund, and is at least \$50,000 in value, a separate trust shall be recommended to the donor to avoid major disturbances of the income flow to previous donors.

All gifts to the Pooled Income Fund are irrevocable.

Net income of the fund is paid to beneficiaries in proportion to the number of units assigned to the gift to the fund. Net income is paid out quarterly to designated beneficiaries. Since the fund uses a calendar year, these quarters end on the last day of March, June, September, and December. If less than the total net income was paid during the year, an adjusting payment will be made within 65 days after the close of each calendar year.

Tax-exempt bonds may not be purchased by or retained in the fund.

The trustee shall submit periodic reports of the pooled fund assets to the Investment Committee.

Per new disclosure requirements, the trustee shall also provide an annual report on all pooled income fund to donors and participants.

The minimum gift to the pooled income fund is \$10,000, with allowable subsequent gifts of \$1,000. The gift to the Pool shall be valued at its fair market value at the time of the gift.

Pooled income fund agreements may provide for a maximum of two beneficiaries.

The minimum age of beneficiaries of a Pooled Income Fund agreement normally will be 45 years.

At the death of the last beneficiary, the units involved shall be valued and that amount removed from the Fund to be used as provided in the trust agreement, or be referred to the Finance Committee if the agreement contains no such provision.

H. Gifts of Life Insurance (LI)

Description: Life insurance can be a medium for giving funds to University of La Verne. With it, the donor can make a substantial gift for a relatively modest annual outlay. For instance, a donor may irrevocably assign to the University of La Verne an existing life insurance policy that is no longer needed for family protection, making the University both the policy owner and the beneficiary. If the policy is not fully paid up, the University prefers that the donor continue to pay the premiums, which are tax deductible, after making the gift. If the donor does not choose to continue paying the premiums, the University may elect to:

- Continue paying the premiums and receive the full face value of the policy at the donor's death;
- Convert the policy to paid-up insurance in a reduced amount with no further payments; or
- Surrender the policy for its present cash value.

A donor may also elect to purchase a new policy naming the University of La Verne as owner and beneficiary. The donor pays the premiums and receives a corresponding income tax deduction.

Policy: All gifts of life insurance require review and approval by the Finance Committee of the Board of Trustees. A minimum of a \$100,000 policy is required. If the ultimate purpose of the death benefit is to establish an endowment, the face value of the policy must meet the minimum funding requirements for that type of endowment, based on a reasonable calculation for inflation in view of the life expectancy of the insured.

The insured may be an individual, married couple, siblings or domestic partners. Second-to-die policies naming the university as owner and beneficiary shall not be intergenerational such as grandparent and grandchild or parent and child. All insured should have reached one-half of their combined life expectancy.

If the policy is not a previously paid-up policy, it is preferred that the premium be paid on a single-pay basis. In no case shall the premium payment period exceed a five-year pledge payment schedule, but premiums should be paid in a single annual payment. The university requires that the donor make the payment to the university, which will in turn pay the insurance company and issue a receipt for the donor's tax deductible gift.

Partially or fully paid-up life insurance policies are reported as outright gifts at the cash surrender value as identified in writing by the insurance carrier. If the policy is new or not fully paid up at the time of the gift, then any premium payments the donor makes to the institution (which in turn pays the premium to the insurer) are reported as outright gifts at the full value of the premiums paid. For donor recognition purposes, the university may elect to recognize a gift of life insurance at the full face value of the death benefit.

I. Gift of a Remainder Interest in a Personal Residence or Farm: The Retained Life Estate Gift (RLE)

Description: A donor can give a remainder interest in a personal residence, such as a home, condominium, or a farm to University of La Verne. The donor or other occupants may continue to occupy the residence or operate the farm without disruption for the duration of the donor's life. Thereafter, the residence or farm will either be sold or used by University of La Verne for purposes specified by the donor, if any. The procedures for evaluating proposed gifts of real property, as outlined below, also apply to gifts of a remainder interest in property.

In order to receive the charitable income gift and estate tax deductions, the transfer must not be in trust and must be irrevocable.

Policy: If a life estate is retained in the property, expenses for maintenance, insurance, real estate taxes, other expenses, and any indebtedness relating to the property are to be borne by the donor or the primary beneficiary.

J. Bargain Sales

Description: A bargain sale is a sale of property to the University of La Verne for less than its fair market value. The bargain sale price may be any amount mutually acceptable to the University and donor. Some donors are willing to sell their property for an amount equal to their cost basis. The donor then recovers his or her investment and receives a charitable deduction for the appreciated portion.

Policy: Proposed bargain sale donations with a potential tax deduction to the donor of \$25,000 or more must be documented by means of an independent appraisal prior to the University accepting the proposed gift.

IV. HOW TO FUND A CURRENT OR DEFERRED GIFT

A. Cash Gifts

The postmark date is the gift date for gifts of cash mailed to University of La Verne. The most frequent method used to make a gift to the University is a personal check. Checks should be made payable to University of La Verne and mailed or delivered the University Advancement Department.

B. Gifts of Securities

Publicly traded securities, shares of stock in closely held companies, bonds and government issues may be given to University of La Verne. Gifts of securities may be made by sending the certificate and an executed stock power for each separate issue of stock or bond to the University Advancement Department.

1. Publicly Traded Securities are securities regularly traded on a public stock exchange. The value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the day the stock is transferred to the University. It is the policy of University of La Verne that donated securities will be sold immediately. The University Advancement Department will provide a written report of significant stock donations to the Finance and Executive Committees on a quarterly basis.
2. Closely Held Securities are shares of stock in entities which have been organized for profit-making purposes, and are rarely traded on stock exchanges. Donors may give shares of closely held corporate securities to University of La Verne in the same manner as publicly traded securities. However, because closely held stock is not publicly traded, these securities present special concerns. To convert them into cash, University of La Verne must own the securities. Whenever donors estimate their gifts of closely held corporate securities at \$10,000 or more, they must obtain a written appraisal by a qualified independent appraiser. Gifts of closely held securities may only be accepted and disposed of by the Finance Committee after review by legal counsel.

Methods to Deliver/Transfer Securities:

A written letter of donative intent from the donor is required for each gift of securities. The donor should state he or she is making an “irrevocable charitable gift of ____ (#) shares of _____ (name of security) to University of La Verne to be used for _____ (designation).”

If securities are hand-delivered to University of La Verne, the value of the gift will be the mean of its fair market value on the date of delivery. Donors should endorse stock certificates only upon delivery to University of La Verne. For securities which are hand-delivered, the gift date is the day the securities are delivered to University of La Verne.

If securities are mailed to University of La Verne, the value of the gift will be its fair market value on the date the securities were mailed. Donors should obtain a stock power from their banker or broker, signing their name exactly as it appears on the certificates, and have their signature guaranteed by their banker or broker. The stock power and a letter of instruction should be mailed to the University under separate cover from the stock certificate(s). The University of La Verne should be designated on the stock certificate(s), stock power, or related instruments of transfer as “University of La Verne.” The stock certificate(s) should be sent by registered mail, return receipt requested, to University of La Verne, University Advancement Department. Unendorsed stock certificate(s) are non-negotiable. The postmark date on the stock power will be used as the gift date when the stock certificate or stock power is mailed under separate covers.

If shares are electronically transferred from a brokerage account to the University of La Verne account, the donor must call the University Advancement Department for the latest DTC free delivery instructions. A gift of securities will be valued as of the date it is received into the University’s account, using the mean of its fair market value on that date.

C. Non-Traditional Investments

University of La Verne may accept gifts of non-traditional investments, such as partnership interests, after a thorough review of the following factors, and if necessary, Finance Committee approval:

- Marketability;
- Nature of any applicable restrictions;
- Legal and other liabilities associated with the asset;
- Carrying costs such as administrative and legal fees;
- Exposure to unrelated business income tax liability.

D. Gifts Through Donor Advised Funds

Gifts given through Donor Advised Funds must be completely tax-deductible; as the gift has already been allocated to philanthropy. Under legislation governing Donor Advised Funds the University must certify that goods, services or other private benefit will not be provided. Private benefits include school tuition or scholarships sent directly to individuals, benefit tickets, goods bought at charitable auctions, etc. The donor has the option to pay the taxable benefit portion from a personal check, cash or credit card.

The donor will not receive a tax-deductible receipt from the University of La Verne. The Donor Advised Fund is responsible to provide the donor with a tax receipt at the time of the initial contribution to the fund.

Legislation governing Donor Advised Funds prevents gifts given through a Donor Advised Fund from being applied to a prior pledge of an individual donor. However, the

university may back out or eliminate a prior pledge from its records if a gift is to be received from a Donor Advised Fund for that purpose.

E. Real Estate

Gifts of real estate require special handling. Real estate gifts will be considered by the Finance Committee including, but not limited to, improved and unimproved land, single-family dwellings, apartment buildings, condominiums, office buildings, farms, leasehold interests, and gifts subject to a retained life estate.

Gifts of real estate can be costly to transfer, to maintain, and to liquidate. The University Advancement Department staff will make a thorough review of the criteria stated below and make a recommendation to the Finance Committee. However, before encouraging the donor to incur costs related to an appraisal or other reports, the staff will seek a preliminary indication from the Finance Committee that the gift falls within the guidelines for likely acceptance.

1. Market Value/Marketability. A donor must provide the University of La Verne with a current appraisal of the property by a mutually agreeable qualified appraiser and the value of the interest in the property the University will receive if the gift is approved.
2. Environmental Report. A Phase I environmental review must be performed on all gifts of real property. The Vice President of University Advancement may recommend a waiver this requirement for residential properties used exclusively for residential purposes for a period of at least thirty years, subject to the approval of the Executive Vice President. The Executive Vice President may waive this requirement for other properties.
3. Encumbrances/Restrictions. All mortgages, deeds of trust, restrictions, reservations, covenants, easements, mechanic liens, and other limitations must be disclosed.
4. Carrying Costs. All carrying costs including, but not limited to, taxes, insurance, association dues, membership fees, and transfer charges must be disclosed.

Approval and Acceptance. University Advancement Department staff shall submit a written summary of the proposed gift to the Finance Committee, with the following information:

- Description of property;
- Purpose of gift;
- Appraisal of the property and the percentage interest of the University;
- Historical background/research on proposed property;
- Income/expenses, encumbrances, carrying costs;
- Environmental risks or problems;
- Special arrangement for disposition requested by donor.

The Vice President of University Advancement shall review with the Finance Committee the proposed donation. If the Finance Committee decides to accept the gift, then the University Advancement Department staff shall notify the donor of the decision by the Finance Committee and shall advise the donor that the IRS will require a qualified formal appraisal.

Treasury Form 8283 shall be forwarded to a donor upon request.

Planning Considerations

1. Valuation. The IRS may accept a donor's cost as fair market value, if the asset was acquired close to the contribution date. Alternatively, the immediate resale of donated property may fix the amount of a donor's contribution in an amount that is lower than the value claimed as a deduction. It is the policy of University of La Verne to sell all gifts of real property immediately upon transference of title. Exceptions to this policy must be approved in advance by the Finance Committee.
2. Carrying Costs. It may be prudent for the University to obtain its own independent appraisal for deferred gifts or if potentially high carrying charges are involved.
3. Encumbrances. The University uses caution in considering a gift of an encumbered asset. In addition to the potential financial obligation required to pay off an encumbrance, the receipt of encumbered property by a charity will normally result in debt-financed income, which is subject to income taxes. Further, a transfer of mortgaged property to a charitable remainder trust is an act of self-dealing; an excise tax may be imposed and the charitable trust may lose its tax exempt status and become fully taxable for all the years the trust has the debt-financed income.
4. Choice of Deferred Giving Vehicles. There are some unique planning issues that should be considered in working with a deferred giving vehicle, such as a charitable trust. If the property is not income producing or the income is insufficient, the asset may have to be sold to fund the income beneficiary's payments. The flexibility of an "income only" unitrust with a "make-up" feature may provide the best alternative for deferred gifts of real estate. A charitable gift annuity is another good planning alternative for this type of gift. It is the policy of University of La Verne not to fund charitable gift annuities with real property. Exceptions to this will be reviewed on a case-by-case basis by the Finance Committee. Payments for the annuity and any real estate taxes can be made from the charity's own assets until the real property is sold. In addition, the annuity is not tied to an appraised fair market value that may never be realized. In view of the income requirements, a charitable remainder annuity trust or pooled income fund may not be the best alternative.

A problem may arise upon sale of the property for less than its appraised value. This may create a valuation issue for a donor with the IRS. In the case of a pooled income fund, a sale for less than the appraised value may distort the fund's "unit" value and reduce the income beneficiaries' income flow. The charitable remainder beneficiary may also be adversely affected if the principal of the trust must be invaded to pay the annuity.

5. Unrelated Business Income Tax. A gift of certain properties may produce tax consequences if those assets are not used to further the tax-exempt purpose of the University of La Verne.

F. Tangible Personal Property

Tangible personal property is property, other than real estate property, which is often defined as property that can be "touched." Examples of tangible personal property include automobiles, boats, clothing, personal papers, antiques, china, stamp collections, rare coins, works of art, books, jewelry, gemstones, and home furnishings and appliances.

Extraordinary gifts of tangible personal property will be referred to the Finance Committee. Decisions on acceptance will depend upon the asset's marketability and its intended use by the University.

University of La Verne may accept gifts of tangible personal property, including works of art, jewelry, antiques, collections, automobiles, manuscripts, and books. Such gifts may be accepted only after a thorough review indicates the property is readily marketable or may be used by the University in a manner consistent with one of the purposes for which it was granted status. Prospective donors should be advised that University of La Verne reserves the right to sell or otherwise dispose of the personal property in question, if such action is financially advisable or necessary.

Except by action of the Finance Committee, personal property that obligates the University to ownership of it in perpetuity, shall not be accepted. No perishable property, or property which shall require special facilities or security to properly safeguard it, will be accepted without approval of the Finance Committee.

Only by action of the Finance Committee will the University commit to holding property for a specified period of time. Donors should be notified at the time of receipt of a gift that the College will, as a matter of corporate policy, cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.

If University of La Verne intends to sell a gift immediately rather than use it, the donor must be informed that IRS rules may limit the amount of the charitable deduction to the donor's cost basis. Whenever donors estimate their gifts of tangible personal property at \$5,000 or more, they must obtain a written appraisal by a qualified, mutually agreed upon appraiser.

G. Intangible Personal Property

Intangible personal property is personal property (other than real estate) with value stemming from intangible elements rather than physical or tangible elements. Examples of intangible personal property include securities, patents, copyrights, subscription lists, goodwill, trade names and trademarks, player contracts, and installment obligations. It also includes partnership interests and certain rights to tangible property, whether personal or real, such as mineral production payments.

The distinction between intangible and tangible personal property is important for purposes of computing the charitable income tax deduction. Gifts of intangible personal property are not subject to the future interest rule or the related use rule which apply to tangible personal property. A donor can retain a right to use intangible personal property and still receive a charitable income tax deduction, provided the partial interest rule is observed. Also, a donor does not have to reduce the value of the contribution by the amount that the property has appreciated if the charity does not plan to use the property for its tax-exempt purposes.

H. Other Property

Other property of any description including mortgages, notes, copyrights, royalties, easements, whether real or personal, shall be reviewed by the Vice President of University Advancement.

APPENDIX A

GUIDELINES FOR THE ACCEPTANCE OF REAL PROPERTY
BY UNIVERSITY OF LA VERNE

PREAMBLE

The University should examine each property with the view that the University usually will not keep the property. These guidelines will address the issues of acquisition, retention, and disposition of real estate gifts. Gifts of real estate are to be reviewed by the Finance Committee in consultation with the Board of Trustees Investment Committee.

I. ACQUISITION ISSUES

- A. The University requires a title review of the property to determine that the donor in fact owns the property to be donated. In addition, the University must purchase title insurance, preferably a title binder from the title insurance company. If there is a problem with the title or in obtaining title insurance, the University cannot accept the property.
- B. A survey of the property to be donated is necessary if the donor wishes to contribute commercial or rural property. The donor should be asked if the property previously has been surveyed.
- C. In order to accept a donation of property, the donor must be willing to give the grant deed to the property. Only in very rare circumstances can the University accept a quitclaim deed. In those instances, the title of the property will have to be heavily scrutinized, and the University must be able to get a commitment from the title company that they will insure the property.
- D. A Phase I environmental review is required for most property. In addition, the University must request the environmental consultants to make an assessment of the neighboring activities and an assessment of the area within a one-half mile radius of the property. If the Phase I review shows any environmental concerns, including asbestos, a Phase II review is necessary. If it appears there may be an environmental impact from the property or from the surrounding areas, the University should determine how substantial the costs would be to investigate the property thoroughly. It is preferred that the donor pay any costs for environmental review. However, the University may agree to reimburse the donor upon completion of a satisfactory report. Residential properties may be exempted from this requirement; however, the residential property should be inspected by the Director of Facilities to identify whether or not there might be any hazardous environmental concerns.
- E. The University should not take property that is encumbered with debt greater than 25% of the value of the property, except under special circumstances.

II. HOLDING THE PROPERTY ISSUES

- A. Before the University can accept a donation of real property, it must take into account the type of management that will be necessary for the property. If the University decides it will not be able to manage the property itself, the University must consider the implications of hiring an experienced manager, such as ensuring that the manager is funded with the proper resources and has proper insurance.
- B. Before the University can accept a donation of property, the University must also take into account all of the expected costs associated with maintaining the property until the University eventually sells it. The costs to be considered include, but are not limited to, the costs of managing and maintaining property; the cost of casualty and liability insurance; and the cost of property taxes.

III. DISPOSITION ISSUES

- A. The University should not accept property unless it determines that it will be able to get a sufficient selling price for the property upon disposition. Therefore, it is necessary for the University to make an inquiry into whether the property is “marketable.” This inquiry must include questioning the donors as to why the donor is making a contribution to the University of the property instead of selling it. In addition, the University needs to determine that the selling costs associated with the property are not expected to be excessive. An independent appraisal by a mutually agreed upon qualified appraiser must be submitted by the donor (see Appendix B for explanation of qualified appraisers). In some cases, the University may reimburse the donor for the cost of the appraisal. Currently, the University does not have a minimum value for property being donated.
- B. When the University disposes of the donated property, the University should expect to give a grant deed, unless the University accepted the property with only a quitclaim deed. In selling the donated property, the University should not make any representations or warranties.
- C. The University prefers to only accept property that it determines can be easily and quickly sold. Under special circumstances, however, the University will accept property that it does not intend to dispose of immediately. However, the property still must meet all the other criteria established in these Guidelines.

APPENDIX B:

APPRAISAL REQUIREMENTS FOR GIFTS OF PERSONAL PROPERTY
TO UNIVERSITY OF LA VERNEA. Qualified Appraisals for Gifts of Property.

Appraisals by a mutually agreed upon qualified appraiser are required for contributions of property other than money and publicly traded securities if the aggregate reported value of the item or property exceeds \$5,000. In the case of non-publicly trade stock, a qualified appraisal must be obtained if the value exceeds \$10,000, although for gifts greater than \$5,000, a donor must attach a partially completed appraisal summary form to his or her tax return. The IRS requires the donor to obtain the appraisal.

B. Donors Affected.

The rules concerning qualified appraisals apply only to gifts made by individuals, closely held corporations, personal services corporations, partnerships and S corporations. A partner or shareholder in an S corporation must attach a copy of the appraisal summary form to his or her tax return.

Although the special rules (described above) do not apply to C corporations, a C corporation is required to file a partially completed appraisal summary for contributions of property that exceed the \$5,000 threshold.

C. Qualified Appraisal.

A qualified appraisal must be prepared, signed, and dated by a qualified appraiser. The qualified appraisal must be completed no earlier than sixty (60) days prior to filing the tax or information return on which the deduction for the contribution is first claimed, including extensions and amendments.

A qualified appraisal should contain a full description of property, its location and the terms of any agreement or understanding entered into with respect to the donation if it relates to the use, sale, or other disposition of the property.

D. Qualified Appraiser.

To be a qualified appraiser, an individual must be a certified appraiser, must hold himself or herself out to the public as an appraiser, perform appraisals on a regular basis, and have certification or licensure to make appraisals of the type of property being valued.

The appraiser must declare that he or she understands that a false or fraudulent overstatement of the value of the property described in an appraisal may subject the

appraiser to civil penalties for aiding and abetting in an understatement of tax liability and may cause subsequent appraisals by this appraiser to be disregarded for income tax purposes.

E. Disqualified Persons

The donor or the taxpayer who claims the charitable deduction for the property being appraised.

The donee charitable institution or one of its employees.

A party to the transaction by which the donor acquired the property being appraised unless the property is donated within two months of the date of acquisition and its appraised value does not exceed its acquisition price.

Any person employed by any of the parties described in paragraph (1) through (3) above or related to any of them.

Any person whose relationship to any of the foregoing would cause a reasonable person to question the independence of the appraisal. For example, an appraiser who is regularly used by the donor or donee and who does not perform a substantial number of appraisals for other persons.

An otherwise qualified appraiser if the donor has knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, a situation in which an agreement exists between the donor and the appraiser concerning the amount of the property's value and such amount exceeds the fair market value of the property.

F. Appraisal Summary

A donor must complete Treasury Form 8283 and attach it to his or her tax return. The College, as donee, must sign the appraisal summary.

Only authorized persons in the College may sign Form 8283 for the donee. The signature of the donee charity acknowledges receipt of the property and knowledge of the disposition reporting requirements.

Failure of the donor to attach an appraisal summary to the tax return may result in denial of the deduction.

APPENDIX C:
 BOARD OF TRUSTEES POLICY ON
 MINIMUM AMOUNT REQUIRED TO ESTABLISH NAMED ENDOWMENTS
OR NAMED RESTRICTED FUNDS

The following categories define minimum gift levels required to establish named endowments at University of La Verne. Endowment funds are established in perpetuity by action of the Board of Trustees upon recommendation of the President. Named endowments are listed in the University Catalog.

Subject to approval by the Finance Committee, a donor may initially establish an endowment at less than the minimum indicated below if the endowment is expected to reach the minimum through additional gifts within five years.

I. INDIVIDUALLY NAMED FUNDS

A. Endowed Chair \$2,000,000

The endowed chair, traditionally awarded to recognize the distinguished service of a faculty member who already holds a full professorship, is one of the oldest and most prestigious forms of endowment in American higher education. The earnings on endowed chairs are used to support the salary of a senior member of the faculty and are used to partially fund his or her research, scholarship, publications, laboratory equipment, or other scholarly activities. Besides its monetary value, a named endowed chair is a symbol of the incumbent's achievement as a teacher and scholar. Endowed chairs may be named for their benefactors or anyone the donor may choose, other than a living member of the faculty. Name endowed chairs are reserved for broadly defined fields of study and must be approved by the Provost, appropriate Dean, and Board of Trustees of the University.

B. Endowed Distinguished Professorship \$1,000,000

The endowed distinguished professorship is awarded to a faculty members who has achieved notable success in his or her teaching and scholarly activity. The proceeds from endowed professorships are used to support the financial requirements of the department to which the named professor is assigned. The endowed professorship is a means of recognizing outstanding faculty at University of La Verne as well as memorializing the donor for whom the professorship is named. Named professorships may be designated only for broad disciplinary areas and must be approved by the Provost, appropriate Dean, and Board of Trustees of the University.

C. Endowed Campus Enhancement Fund \$50,000

Endowed campus enhancement funds may be designated either for the beautification and maintenance of the campus grounds or for the upkeep and refurbishment of campus building (or both).

D. Endowed Teaching and Research Fund \$50,000

Endowed funds for teaching and research provide a flexible source of funding for faculty development, teaching innovation, and research underwriting. University faculty are committed teachers and scholars who maintain excellence by keeping current in their fields and by involving students directly in their work. The teaching and research fund endowment, administered by the dean of faculty, provides faculty with support they need to help maintain the margin of excellence that has always characterized the University.

E. Endowed Lectureship \$100,000

An endowed lectureship provides funds required to host speakers from beyond the campus. The endowed lectureship is a significant means of enhancing the intellectual vibrancy of University of La Verne by attracting important figures from both academe and other elements of society. Generally speaking, endowment earnings are used to support the travel, honoraria, publication, advertising, and social activities associated with visiting speakers. While not a requirement, endowed lectureships often focus on broad themes of significance over the generations (i.e., values, technology, the individual and society, etc.)

F. Endowed Scholarship Fund \$50,000

Scholarship funds for needy and worthy students are among the highest priorities of the University; indeed, they are the lifeblood of any private college or university. Constantly rising tuition rates threaten to put a high quality liberal arts education like that offered by University of La Verne out of the reach of an increasing number of families. Endowed scholarship funds provide both need-based and merit-based financial aid to help offset the cost of tuition and/or assist students with other expenses during their collegiate careers.

G. Endowed Equipment Fund \$50,000

Endowed equipment funds provide a source of ongoing support for the purchase and/or maintenance of laboratory, classroom, or general campus equipment. High quality teaching and research requires increasingly elaborate and up-to-date equipment. Computer support is critical in the humanities and social sciences, and this plus other highly specialized equipment is essential within the sciences.

H. Endowed Library Fund \$50,000

Endowed library funds are used to purchase books, journals, tapes, videos, recordings, bibliographic services, and/or small equipment for the Library. The Library stands at the very heart of the academic enterprise and is the laboratory for many University of La Verne students and faculty, especially those in the humanities and social sciences.

I. Endowed Awards and Prizes Funds \$50,000

Funds established to make annual awards and prizes to students, faculty, staff, or administrators in recognition of their outstanding accomplishments as defined by the donor in consultation with the President.

II. POOLED ENDOWMENT FUNDS

Some donors may wish to support endowment purposes such as those described above but find themselves unable to make gifts at the established minimum levels. In such cases, gifts may be made to pooled endowment funds established for each of the purposes listed above. Donors to pooled endowment funds will be recognized for their support in the annual donor honor roll and, depending on amount, by other means established by the University Advancement Department.

(Individuals wishing to establish individually named endowments by making contributions over a number of years [more than five], may do so by contributing directly to a pooled endowment of their choice. When total contributions meet the existing minimum standard within the donor's category of choice, the funds will be removed from the pool and segregated in an individually named account.)

III. ENDOWMENTS FOR OTHER PURPOSES

From time to time, donors may wish to establish named endowments for purposes other than those listed above. In such cases, the proposed purpose and magnitude to the fund must first be approved by the President and Executive Vice President before being submitted to the Board of Trustees for formal acceptance.

IV. NAMED RESTRICTED FUNDS

The minimum gift level required to establish a named restricted fund at University of La Verne is \$10,000. These gifts are immediately expendable and must be spent within 24 months of the gift being received. Restricted gifts will be used in accordance with donor's wishes and approval in writing by the Vice President of University Advancement.

APPENDIX D

SUGGESTED FORMS OF BEQUEST TO UNIVERSITY OF LA VERNE

Note to the Attorney: The forms shown below are merely suggestions as to content and should be rewritten or adapted by legal counsel to satisfy the donor's individual situation. Bracketed materials are optional. The Board of Trustees policy on minimum amounts required to establish named endowment funds is available upon request.

A. Endowed Chair

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to endow a Chair. The income therefrom shall be used toward salary, leave time, research, and travel allowances for a senior professor who is a talented teacher-scholar. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and I the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purposes designated herein.

B. Endowed Distinguished Professorship

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to endow a Distinguished Professorship. The income therefrom shall be used toward the salary of a talented teacher-scholar, who has made notable contributions to the scholarly world beyond as well as within University of La Verne, and to provide that professor with research assistance as needed, travel as required for scholarly activities, and secretarial support. The occupant of the Distinguished Professorship is to be given optimum advantages for carrying out teaching responsibilities and fulfilling scholarly and research commitments related to teaching. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purposes designated herein.

C. Endowed Campus Enhancement Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Campus Enhancement Fund to be known as the _____. The income from this Fund is to be used to provide for the beautification and maintenance of the _____ campus grounds or for the upkeep and refurbishment of campus buildings (or both), as the Board of Trustees of said University shall determine best, to advance the work of the University of La Verne.

D. Endowed Teaching and Research Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to endow a Junior Faculty Fellowship. The income therefrom shall be used toward salary, leave time, support for summer scholarly activities, research and travel allowances for a young teacher-scholar of high promise, as the Board of Trustees of University of La Verne shall determine. Endowed funds for teaching and research provide a flexible source of funding for faculty development, teaching innovation, and research underwriting. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purpose designated herein.

E. Endowed Lectureship Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Lectureship Fund to be known as the _____. The income from this Fund is to be used to provide funds required to host speakers from beyond the campus, including travel, honoraria, publication, advertising, and social activities associated with visiting speakers, as the Board of Trustees of said University shall determine best, to advance the work of the University.

F. Endowed Scholarship Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Scholarship Fund to be known as _____ Scholarship Fund. The income from this Fund is to be used to provide financial aid for deserving students at the University. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable for the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purposes designated above.

G. Endowed Equipment Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Equipment Fund to be known as the _____. The income from this Fund is to be used to provide a source on ongoing support for the purchase and/or maintenance of laboratory, classroom, or general campus equipment, as the Board of Trustees of said University shall determine best, to advance the work of the University. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purposes designated herein.

H. Endowed Library Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Library Fund to be known as the _____. The income from this fund is to be used to purchase books, journals, tapes, videos, recordings, bibliographic services, and/or small equipment for the University Library; and to provide an ongoing source of support for the continuing upgrading and maintenance of the University Library as one of the finest at any University in the country. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interest of the University of La Verne, giving consideration to my special interest as evidenced by the purposes designated herein.

I. Endowed Awards and Prizes Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), for the establishment of an Endowed Awards and Prizes Fund to be known as the _____. The income from this Fund is to be used to make annual awards and prizes to students, faculty, staff, or administrators in recognition of outstanding accomplishments as defined by the donor in consultation with the President. If it should be found that all or part of the income from this Fund is no longer needed for the purposes stated, then such income may be used for such other purposes as the Board of Trustees shall deem advisable and in the best interests of University of La Verne, giving consideration to my special interest as evidenced by the purposes designated herein.

J. Memorial Book Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to be known as the _____ Book Fund, and the income therefrom shall be used for the purpose of books for the University Library.

K. Bequest of Books

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, my library, consisting of all the books that I own at the time of my demise.

L. Unrestricted Bequest

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to be used by its Board of Trustees, as it may deem advisable, for the benefit of said University of La Verne.

M. Memorial Fund in the Donor's Name or in the Name of Someone Else

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), the same to be known and designated as "The _____ Memorial Fund". The income therefrom may, at the discretion of the Board of Trustees of University of La Verne, be used to advance the work of the University. The Board of Trustees shall have the right to expend the whole or any part of the principal of said sum for the construction of a building or in connection with some definite project or purpose, provided there is thereby established a suitable memorial as designated hereinabove.

N. Building Construction Fund

I give to University of La Verne, a California nonprofit corporation, located at La Verne, California, the sum of \$_____ (or property herein described), to be used for the construction and renovation of campus facilities which the Board of Trustees shall deem advisable and in the best interests of the University of La Verne. The building to be known as the _____ Building. If such sum shall be in excess of the amount required to construct said building, then such excess shall become a part of the endowment funds of the University and the income therefrom shall be used in the operation, maintenance, and repair of said building. Should such building be constructed or funds for its construction be provided before this bequest becomes effective, then this gift shall be used for the construction and maintenance of such building(s), or such other capital improvements as the Board of Trustees of the University of La Verne shall determine.

University's Legal Entity is: University of La Verne
 A California nonprofit corporation
 1950 Third Street
 La Verne, California 91750