GIFT ACCEPTANCE,
COUNTING, AND REPORTING POLICY

Approved – Board of Trustees 12-8-2022

Policy Title	Gift Acceptance, Counting, and Reporting Policy
Policy Owner	Vice President for Advancement
Responsible Office	Advancement
Contact Information	Questions concerning this policy or its intent should be directed to the Vice President for Advancement (909) 621-8192.
Pertinent Dates	This policy was approved on December 8, 2022
Approved By	Board of Trustees of Pomona College
Who Needs To Know About This Policy	This policy governs Pomona College employees and volunteers. It also serves as a guide for prospective donors and their advisors, providing assurance that all donors are treated equitably.
Definitions	n/a
Forms / Instructions	n/a
Related Information	Naming Policy (*Pending Approval*)

Reason for Policy / Purpose	The purpose of the Gift Acceptance, Counting and Reporting Policy is to provide a set of standards by which gifts are reviewed, accepted, recorded, and receipted by Pomona College. The policy applies to all gifts of private support received by the College, including departments, units, programs, and centers. This policy focuses on Advancement reporting, not financial accounting and reporting.
Abstract	This policy outlines gift acceptance, counting, and reporting at Pomona College. It defines a gift and describes gifts and gift restrictions that can and cannot be accepted by the College. It also provides details about gift agreement requirements, as well as information about transferring assets to the College and specific types of gift assets that the College accepts. Information is also provided on gifts from donor-advised funds, employer-sponsored matching gifts, planned gifts, and gift receipts, counting, and reporting, among other topics.

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Policy Statement

I. Introduction

A. The responsibilities for fundraising are shared among various Pomona College leaders and Advancement staff. All fundraising and constituent engagement activities on behalf of the College must be aligned with strategic priorities and comply with local, state, and federal laws and with the College's policies.

B. The College is committed to ethical engagement. All solicitations on behalf of the College or any department, unit, or program will be in accordance with the standards in the Donor Bill of Rights, as developed by the Council for Advancement and Support of Education (CASE) and other national organizations.

II. What is a Gift?

A. A gift is defined as an unconditional promise to give a complete voluntary transfer of assets from a person or an organization to the College where no goods or services are expected, implied, or forthcoming in return to the donor. Gifts usually take the form of cash, securities, real property, or personal property. The following criteria generally identify a gift:

1. Gifts are motivated by philanthropic intent.
2. Gifts are transfers of assets to the College's control. The College is not obliged to return unexpended funds.
3. Gifts are not generally subject to an exchange of consideration or other contractual duties between the College and the donor, except for certain planned gifts as outlined in this policy, although objectives may be stated and funds may be restricted to specific purposes.
4. Gifts may be unrestricted by the donor, or with the College's approval, may be designated to a fund in support of a particular department, unit, program, or center or may be restricted to a fund in support of a particular purpose, such as financial aid, research, or internships. *See, Article V, **Gift Designation and Restrictions**, below for more information.*
5. Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from foundations, corporations, and corporate foundations will be classified as gifts unless they require performance or other considerations that may result in their being designated as sponsored research.
6. Gifts may include grants for philanthropic research administered through the Sponsored Research Office as determined by the Vice President for Advancement and the Director of Sponsored Research.

7. Gifts do not include governmental grants and awards, whether local, state (including state matching grants), federal, foreign, or from sovereign tribal nations, nor do they include governmental grants that pass through other entities, such as a federal grant to one university that then results in multiple grants from that university to other institutions.

B. The College is guided by standards set forth by the Council for Advancement and Support of Education (CASE) when questions of whether a particular transfer of assets counts as a gift.

III. Qualification and Registration

A. The College is a nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code. Thus, the College qualifies under both federal and state law as a tax-exempt non-profit organization in which charitable contributions are deductible to the full extent of the law for income, gift, and estate tax purposes.

B. The College's federal tax identification number is **95-1664112**.

IV. Gift Acceptance

A. The College will make every reasonable effort to accommodate and accept all charitable contributions from donors. However, it will not accept gifts that, in the judgment of the College:

1. Violate the terms of this policy;
2. Violate a federal, state, or other law;
3. Are too difficult or expensive to administer;
4. Were or may have been acquired by other than legal means, or that clear title to the donated asset does not flow directly from the donor to the College;
5. Are too restrictive in purpose, or compromise the academic freedom of the College community;
6. Could create unacceptable liability or cause the College to incur future unanticipated or anticipated expenses;
7. Are for purposes that do not further the College's mission;
8. Could damage the reputation of the College, or are contrary to the College's values;
9. Would jeopardize the College's tax-exempt status; or
10. Provide a donor with goods or services of financial value in exchange for the donor's gift unless such value is fully disclosed in the time and manner as required under federal and state law and regulations.

B. The Vice President for Advancement must approve all gifts to the College to ensure that they conform to the Gift Acceptance, Counting, and Reporting Policy (the "Policy"). The Vice

President for Advancement oversees due diligence and facilitates the acceptance, rejection, or referral of proposed gifts as provided in the next Sections.

C. If a gift falls into one of the categories enumerated above, or in the case of a gift that is unusual, risky, or has complex issues associated with it, the Vice President for Advancement may refer the matter to a **Staff Gift Acceptance Committee** as described in the next Section.

D. A **Staff Gift Acceptance Committee** ("Staff GAC") provides a process to ensure that proposed gifts presented to it conform to the Policy or warrant an exception to the Policy.

1. The responsibility of the Staff GAC is to evaluate proposed gifts and accept, reject, or refer them to the **Board Ad-Hoc Gift Review Committee** described in the next Section.
2. The Staff GAC is convened by the Vice President for Advancement and will usually consist of the following members:
    - Vice President for Advancement (or designee), who shall act as Chair,
    - Vice President, Chief Operating Officer and Treasurer (or designee),
    - General Counsel,
    - Others as may be selected by and at the discretion of the Vice President for Advancement.
3. The Staff GAC may seek advice and counsel about proposed gifts from the Chief Investment Officer (the "CIO"), the Director of Real Property ("Real Property Director"), members of the Gift Planning team, other staff members with knowledge of the donor or the circumstances, or outside consultants. Consultation is recommended for consideration of the following types of gifts:
    - Those with donor-imposed restrictions not aligned with institutional priorities or which, if accepted, would require new programs or activities, matching funds, or other institutional support not clearly replacing expenditures already being made from the College's unrestricted funds (*see Articles V and VI, below*),
    - Nonmarketable securities, thinly traded securities, foreign listed securities, closely held stock, private company stock, and/or other stock or business interests that are subject to restrictions or buy-sell agreements (*see Article VII, Section B.3, below*),
    - Non-traditional assets like virtual currencies, crypto, and non-fungible tokens (*see Article VII, Section B.5, below*),
    - Real property (*see Article VII, Section B.6, below*),

- Documents naming Pomona College as trustee, other than charitable remainder trusts described in *Article X, Planned Gifts* below,
- Gifts or grants involving contracts (other than charitable gift annuities authorized in *Article X, Planned Gifts, below*), such as bargain sales or other types of conditional gifts that would require the College to assume an obligation or outlay of cash,
- Transactions with potential conflicts of interest, and
- Other instances deemed appropriate by the Staff GAC.

4. Decisions of the Staff GAC will be made by consensus. If consensus cannot be reached, gift proposals will be referred for decision to a **Board Ad-Hoc Gift Review Committee** as described in the next section.

E. A **Board Ad-Hoc Gift Review Committee** ("Board Ad-Hoc GRC") provides an expedited process for a standing Ad-Hoc Committee of the Board of Trustees to review and make recommendations on matters related to the acceptance or rejection of a proposed gift that is unusual, risky, or has complex issues associated with it, or exceptions to the Policy:

1. Once established by the Trusteeship Committee of the Board of Trustees, the Board Ad-Hoc GRC will be convened upon request of the Vice President for Advancement. The Board Ad-Hoc GRC operates as a task force when there is need and for so long as there is need.
2. On matters referred to it, the Board Ad-Hoc GRC facilitates the prompt acceptance, rejection, or referral of a proposed gift or exception to the Policy. It is charged with determining as to a proposed gift whether it is in the best interests of the College for the Vice President for Advancement to:
    - Accept the proposed gift, or
    - Reject the proposed gift.
3. As determined by the Trusteeship Committee when needed, members of the Board Ad-Hoc GRC usually will be:
    - The Chair of the Board of Trustees (or designee), who shall act as Chair, and
    - The Chairs of the Advancement, Finance, and Audit & Risk Committees of the Board of Trustees (or, if they are not available, the Vice Chairs or other designees from each of the named Board Committees).

- In addition, the Trusteeship Committee may appoint up to three Trustees or Trustees Emeriti with subject matter, legal, or other expertise to serve as needed on the Board Ad-Hoc GRC.

4. In matters relating to the proposed gift, the Board Ad-Hoc GRC shall hear from the Vice President for Advancement and General Counsel, and may seek advice from subject-matter experts, such as the Vice President and Chief Operating Officer, Chief Investment Officer, the Director of Real Property, members of the Gift Planning team, or other outside consultants.
5. All decisions of the Board Ad-Hoc GRC must be made by majority vote during a meeting or by unanimous written consent. If majority vote or unanimous written consent cannot be reached, the matter will be referred for consideration by the Executive Committee and any other committee designated by the Board Ad-Hoc GRC for recommendation to the full Board of Trustees for final decision.

F. The acceptance of a gift does not imply nor mean that the College endorses or approves of the donor's views, opinions, businesses, or other activities.

V. Gift Designation and Restrictions

A. All gifts must be directed to a specific gift fund in Advancement's database of record. The choice of fund will be consistent with the written directions of the donor, which will be archived as substantiation. *See Article VI, Gift Agreements, for more information*.

B. A donor may designate both the College recipient (e.g., a specific department, unit, program, or center) as the beneficiary of a gift and a purpose (e.g., scholarship, fellowship, professorship, etc.) for which the gift is to be used.

1. If the donor does not designate a specific College recipient or purpose of a gift, the gift will be designated "undesignated" by Advancement.
2. If the donor designates a specific College recipient but not a specific purpose, the gift will be added to the College recipient's general gift fund, or such other fund as directed by the person responsible for expending gifts to or for the benefit of the College recipient.
3. If the donor designates a specific purpose for a gift, the College will either add this restricted gift to a currently existing fund with the same purpose or create a new fund for the specified purpose, as appropriate.

C. Please see the Naming Policy (*Pending Approval*) for information regarding naming gifts.

VI. Gift Agreements

A. General Information

1. A gift agreement documents the mutual understanding between a donor and the College in relation to the donor's charitable contribution. A formal gift agreement is generally required for new obligations entered by the College, both for multi-year commitments and outright gifts of $25,000 or more. Examples include but are not limited to new endowed funds; new and/or newly named physical spaces (e.g., building, facility, or portion thereof); and new and/or newly named academic departments, units, programs, or centers. In general, the terms of any gift should be as flexible as possible to permit the most productive use of the funds over time, while clearly stating the intent of the donor.
2. Information to appear in a gift agreement includes but is not limited to the dollar amount of the charitable gift/pledge; the purpose and use of the fund if new and any restrictions; pledge payment schedule; and recognition, as well as any other requirements or obligations agreed upon by the donor and the College.
    - A "pledge" is a donor's legally binding promise documented in a gift agreement to make or complete a gift within a 5-year span.
    - Pledges are assets of the College that the Board of Trustees has a duty to protect. Forgiveness of pledges could be interpreted as gifts back to donors, which are not appropriate uses of charitable assets and might jeopardize the College's tax-exempt status.
    - Pledge balance forgiveness must be approved by the Staff GAC after consultation with General Counsel and may be escalated to the Board Ad-Hoc GAC in appropriate cases. In all cases, pledge balance forgiveness will be reported to the Board at the next regular meeting.
3. Gifts/pledges that are not documented by formal gift agreement generally need to be documented in some other way. For gifts of less than $25,000, a signed letter of intent or College gift, pledge, or commitment form signed by the donor is generally sufficient documentation. The College will provide donors with a letter of intent template or gift/pledge form, as appropriate, in those cases. When adding to an existing fund, no specifications on how the money will be spent can be made.
4. The Vice President for Advancement, in consultation with General Counsel, as necessary, will make final decisions on all questions related to College-approved gift agreements.

B. **Gift Agreement Drafting**

1. Advancement gift officers draft gift agreements using templates approved by the Vice President for Advancement and General Counsel. Gift officers may not make material changes to those templates without the permission of the Vice President for Advancement, in consultation with General Counsel, and such permission will be granted only in rare circumstances. Questions related to gift agreement templates should be directed to the Office of Advancement Services, Office of Stewardship or the Office of Gift Planning, as appropriate for the question raised.
2. In cases where a material change from an approved gift agreement template is requested by a donor, or a template does not exist for a particular gift, the gift officer working with the donor must consult with the Office of Advancement Services, Office of Stewardship or the Office of Gift Planning, as appropriate for the question raised. A representative will assist the gift officer in determining whether the gift meets College requirements for acceptance and, if it does, provide assistance in drafting a College-approved gift agreement. Any material change from the standard gift agreement templates must be approved by the Vice President for Advancement, in consultation with General Counsel.
3. A signed award letter from a foundation or corporation is an acceptable form of gift documentation if it accepts the terms of the original proposal in total and/or documents restrictions on the gift's designation, use, reporting requirements, giving vehicle, contribution schedule, recognition, and/or other obligations agreed upon by the foundation or corporation and the College. If available, the gift award proposal and other documentation submitted to the foundation or corporation clarifying the use of the gift must also be attached to the gift record.
4. Wills, trusts, beneficiary designations, or other estate planning documents are acceptable forms of gift documentation. However, to help ensure the donor's philanthropic intent is fully realized, the College's Office of Gift Planning recommends that the donor also have a signed legacy gift agreement or legacy gift confirmation form on file with the College.
5. There will be occasions when fundraising has been approved for an initiative and there is no lead donor. Examples of this include class gifts and College crowdfunding efforts, among others. In these circumstances, internal fund memoranda will be drafted by the Advancement Services Office and approved and signed by the Vice President for

Advancement or his/her designee. The purpose of an internal fund memorandum is to document the fund's purpose, fundraising requirements and deadlines, alternative uses if required gift minimums are not reached, restrictions on gift designation and/or use, and recognition, as well as any other requirements or obligations.

6. In accordance with the College's commitment to non-discrimination, proposed gift restrictions may not require that beneficiaries or scholarship recipients be chosen based on race, color, national origin, ancestry, religion, gender or gender identity, sexual orientation, age, physical handicap or mental disability or other characteristic which may from time to time be specified in the College's Nondiscrimination Policy or protected by law. With approval of the Vice President for Advancement in consultation with General Counsel, positive consideration of some of these factors may be allowed as non-binding preferences, to the extent permitted by law, for donor stewardship purposes.
7. Donors are not permitted to choose individual recipients or beneficiaries of their gift. For example, donors may not choose the holder of an academic chair or professorship, or the recipients of a scholarship.
8. Endowment funds last in perpetuity so it is important that gift agreements that establish endowment funds include the standard clause from General Counsel regarding future considerations or changed circumstances, unless waived by the Vice President for Advancement in consultation with General Counsel, as needed.

C. **Pledge Payments**

1. Pledge payment periods may be up to five consecutive years, with the first payment scheduled within one year of the date of the gift agreement's execution.
2. Pledges from individual donors that may be paid in full or part through a private family foundation must be written in the form of a non-binding statement of intention to prevent the donor or foundation from potentially violating certain provisions against self-dealing under the federal tax laws.
3. Corporate matching gifts cannot be applied as pledge payments to an individual's personal pledge commitment.

D. **Gift Agreement Signatures**

1. Prior to obtaining any College or donor signatures, an identical gift agreement draft must be approved by all signers.

2. The Vice President for Advancement or his/her designee signs all gift agreements, with the President or his/her designee also signing for gifts of $100,000 or more.
3. The Vice President for Advancement or his/her designee and the Chief Investment Officer or his/her designee sign all planned gift agreements (annuities and trusts).
4. College deans and other College leaders may be asked to sign gift agreements in a non-binding capacity when gifts benefit their areas of oversight and to support donor stewardship.
5. Except in cases where signature from the College's Sponsored Research Office is required, the Vice President for Advancement or his/her designee will sign corporate and foundation award letters for the College, in consultation with College leadership involved with and/or affected by those gifts, as well as the College's General Counsel and Office of Finance as needed.

E. **Distribution and Electronic Storage of Fully Executed Gift Agreements**

1. When approved by the Vice President for Advancement and ready for signature, gift agreements will be routed electronically (via DocuSign or comparable tool) by the Office of the Vice President for Advancement for digital signature by all College signatories and for donor countersignature(s), when possible. If a donor does not use email or has requested a hard copy for signing, the College signatures will be obtained digitally and then two copies of the agreement will be provided to the donor to add his or her signature, retain one fully-signed copy for donor's records, and return one to the College. All fully-signed gift agreements will be scanned into and stored electronically in the Advancement database of record.
2. The College's original copy and/or an electronic copy of the fully executed gift agreement will be stored securely by the Advancement Services Office. A copy of planned gift agreements (annuities and trusts) is provided to the Investments Office.

VII. Transferring Assets and Specific Types of Gift Assets

A. For appropriate methods of transferring different types of assets, please reference the ***Ways to Give*** page on the College website.

B. The College will accept gifts of cash, marketable securities, non-marketable securities, IRA QCDs, virtual currencies, real estate, tangible or intangible personal property (gifts-in-kind), and other types of gifts as provided below, subject to appropriate review and due diligence as to the source of funds for all gift types.

1. **Cash Gifts**
    a. Outright cash gifts can take the form of checks, credit cards, wire transfers, or payroll deductions.
    b. Cash gifts are credited to the donor's giving record at actual cash value.
    c. Cash may be delivered in person, by mail, by electronic funds transfer (EFT), or by wire transfer.
    d. Cash gifts are complete on the date the cash is physically transferred to a representative of the College and will be reported by Advancement on the date the cash is processed by the Office of Advancement Services.
    e. Gifts of foreign currency will be valued at the U.S. dollar equivalent on the date the gift is received.
    f. Payroll deductions for faculty and staff giving can be established by completing a Faculty and Staff Giving and Payroll Deduction Form. Gifts may be directed to the Annual Fund or to local outside organizations as part of the College's annual Charitable Giving Campaign. Only gifts directed to the Annual Fund count as gifts to the College.
    g. Recurring credit card payments can be set up online.
    h. Gifts of cash under $25,000 that are paid in full do not require a written gift agreement or any prior approvals. However, the donor may request, or the gift officer may choose to have a gift agreement executed to clarify any restrictions and to outline stewardship responsibilities.
2. **Marketable Securities (Stocks and Bonds)**
    a. The Investments Office works with the Office of Advancement Services on the acceptance of all gifts of marketable securities. See ***Publicly Traded U.S. Stocks and Bonds*** and ***Mutual Funds*** areas of the ***<u>How to Give Securities</u>*** page on the College website.
    b. Based on information from the Investments Office, the value of the gift will be calculated in accordance with IRS regulations using an average of the high and low trading price on the date of gift. Advancement Services will book the gift at the determined value and generate and provide a gift receipt to the donor. See ***Valuation and Your Charitable Deduction*** area of the ***<u>How to Give Securities</u>*** page on the College website.
    c. Gifts of marketable securities will be sold at the discretion of the Investments Office, typically immediately.

d. The Investments Office must approve any request by a donor that the College hold and refrain from selling a marketable security. Marketable security gifts are sold as soon as reasonably possible to reduce the impact of any gain or loss on the gift.

e. The Office of Advancement Services will issue a gift receipt reflecting the value of the shares on the date of the gift, as well as a description of the securities received.

f. Gifts of mutual fund shares are also acceptable. Transfers of this type may take longer to complete, and the date of the gift will be determined by the date of receipt by the College.

g. In cases where a stock gift is submitted to pay off a documented commitment, realized funds more than that commitment will be allocated to the same purpose and booked as an outright gift, unless the donor instructs otherwise in writing.

3. **Non-marketable or Closely Held Securities**

a. These securities include partnerships, limited partnerships, limited liability companies, closely held companies, stock of entities that fall under SEC Rule 144, legend stock or bonds of entities that are thinly traded, foreign listed securities, and stock of entities held for sale at the request of a donor. See ***Special Handling*** and ***Non-Marketable or Closely-Held Securities*** areas of the ***How to Give Securities*** page on the College website.

b. The Investments Office works with the Office of Advancement Services on the acceptance of all gifts of non-marketable or closely held securities and should be notified prior to the acceptance of any such gifts. Because of the unique nature of these securities, special due diligence review will be required prior to acceptance.

c. The value of these securities as reported by Advancement will be determined based on the fair market value of the securities on the date of gift, using an appraisal or alternative method of valuation acceptable to the Investments Office and the Vice President for Advancement.

4. **IRA Qualified Charitable Distributions**

a. The College is a qualified public charity under Section 170(b)(1)(A) of the Internal Revenue Code and may accept qualified charitable distributions of up to $100,000 from the individual retirement accounts of donors who are at least age 70-1/2 (IRA QCDs). Transfers must come directly to the College from a donor’s traditional or Roth IRA.

b. The donor receives credit for the full value of the gift, the same as other outright gifts.

c. The Office of Advancement Services will issue a special receipt reflecting the value of the gift. Since the donor is not taxed on the IRA QCD, there is no charitable deduction for the gift.

5. **Virtual Currencies, including Cryptocurrencies and Nonfungible Tokens (NFTs)**

a. Definitions:

- A **virtual currency** is a digital representation of value that is neither issued by a central bank or a public authority, nor necessarily attached to a flat currency, but is accepted by natural or legal persons as a means of payment and can be transferred, stored, or traded electronically. Examples are Bitcoin, Ethereum and Ripple. As used herein, "virtual currencies" shall include cryptocurrencies and NFTs, as defined below, and any similar representations of value that may evolve in the future.
- Cryptocurrencies are digital currencies. The term "**crypto**" comes from the fact that these currencies (often called digital tokens) are secured via a process called cryptography.
- **NFT** stands for non-fungible token. Like cryptocurrencies, they are also digital tokens (commonly called digital assets). But compared to cryptocurrencies, which *are* fungible or interchangeable, NFTs are singular and unique. Like cryptocurrencies, they exist on the blockchain as cryptographic assets.

b. The College may accept gifts of virtual currencies, including cryptocurrencies and NFTs, subject to the conditions outlined below.

c. The Investments Office works with the Office of Advancement Services on the acceptance of all gifts of virtual currencies on a case-by-case basis.

d. As a condition to accepting the gift of virtual currency, the donor must first confirm to the College, in a manner acceptable to the College, that it is owned by the donor (and not a third party) and was not derived from unlawful sources or activities.

e. Typically, a charitable gift of virtual currency is only complete once the currency has been successfully paid to and accepted by the College's designated currency processor on behalf of the College.

f. Gifts of virtual currency will be sold at the discretion of the Investments Office, usually immediately to reduce the impact of any gain or loss on the gift.

g. Upon payment/acceptance, the College will provide the donor with a gift acknowledgement or receipt that substantiates receipt of the virtual currency as a charitable gift. As with non-marketable securities, the acknowledgement may not contain a value of the gift.

h. The valuation of virtual currency as reported by Advancement will be like the valuation of stock gifts where the fair market value of each exchange is the average price between the highest and lowest quoted selling prices on the date of legal transfer or may be established by an appraisal secured by the donor, or alternative method of valuation acceptable to the Chief Investment Officer and the Vice President for Advancement.

i. The College will not accept virtual currencies as funding sources for charitable gift annuities.

6. **Real Estate**

a. The College may accept gifts of many types of real estate, such as residential, commercial, apartment buildings, vacation properties, and undeveloped land.

b. The minimum value for any gift of real estate is $100,000, net of all fees, expenses, and commissions.

c. The Real Property Office works with the Gift Planning Office on the acceptance of all gifts of real estate and has specific due diligence review requirements, including assessments of environmental liability, marketability, and pre-sale expenses, that must be followed prior to the acceptance of any gift.

d. Gifts of real estate which are subject to mortgages are rarely acceptable, as they may result in financial liability for the College and can cause adverse tax consequences for donors. All such gifts require prior approval of the Vice President for Advancement.

e. The Real Property Office and the Vice President for Advancement must approve, in advance, the receipt of any real property where there are donor-imposed restrictions on the sale, or if it is not readily marketable.

f. The value of gifts of real estate will be determined based on the fair market value of the real estate on the date of the gift. If the donor has obtained an appraisal that meets IRS tax deduction substantiation requirements, the College may use the appraisal for gift accounting purposes. If an appraisal is not available, an alternative method of valuation acceptable to the Real Property Office will be used.

g. Retained life estates – the College may accept a gift of a personal residence which is subject to a retained life estate. The Real Property Office and the Office of Gift Planning coordinate the due diligence review process on these gifts. It is required that the donor assume responsibility for ongoing property taxes, insurance, and maintenance for the duration of the life estate. Consistent with CASE standards, retained life estates will be counted and donors credited with the appraised market value of the property on the date of the gift. Gift receipts will be issued in accordance with Internal Revenue Services (IRS) guidelines.

7. **Bargain Purchases**

a. In limited circumstances, the College may purchase an asset for less than its fair market value. This bargain purchase results in a gift from the owner of the property in an amount equal to the difference between the fair market value and the purchase price by the College.

b. The Office of Gift Planning will coordinate the due diligence review process on bargain purchases along with the appropriate College offices.

c. The College will generally not pay more than 15% of the fair market value of an asset when participating in a bargain purchase.

8. **Gifts of Tangible and Intangible Personal Property (Gifts-in-Kind)**

a. The College may accept gifts of many types of tangible and intangible personal property. Examples of gifts of tangible personal property include, but are not limited to automobiles, boats, art, jewelry, furniture, antiques, rare books, manuscripts, and lab equipment. Examples of gifts of intangible personal property include, but are not limited to computer software, royalties, patents, and copyrights.

b. Gifts of tangible and intangible personal property that does not have value to the College for its educational purposes are not likely to be accepted. The minimum value to be considered for a gift of tangible or intangible personal property to be sold is $25,000, net of expenses and commissions.

c. The Office of Advancement Services works with the Office of Gift Planning and the Finance Office as necessary, on the acceptance of all gifts of tangible and intangible personal property and are responsible for conducting due diligence review.

d. Before recording a gift-in-kind, the College is required to obtain documentation from the donor stating that the gift has been given to the College and will not be required to be returned. Typical documentation includes a signed and dated letter from the donor acknowledging the gift, including fair market value (FMV); a full description of the item; a completed and signed Internal Revenue Service (IRS) Form 8283 (for gifts with a FMV of $500 or more); and a completed appraisal from a qualified outside appraiser if the value of the gift is more than $5,000.

e. Information about any gift of tangible or intangible personal property should be forwarded to the Office of Advancement Services, which will determine if the gift meets IRS regulations for tax deductibility. If a gift does not meet IRS regulations for tax deductibility, Advancement Services will thank the donor for the gift but not record gift credit on the donor's giving record.

f. The gift acknowledgement issued to the donor for a gift of personal property will not show a value for the property. The receipt will describe the property received, and the donor's giving record will be credited with the estimated fair market value of the item, if appropriate. It is the responsibility of the donor to determine the value of a gift of personal property for tax purposes.

g. All gifts of software must be coordinated through the Office of Information Technology Services (ITS). Though useful and appreciated, generally gifts of software licenses are not countable as charitable donations as they are considered partial interests by the IRS. To be considered a charitable donation, software must be irrevocably transferred to the College (not licensed) with no restrictions, no expiration nor requirement of renewal, no implicit or explicit exchange or purchase of services, nor any provisions to share exclusive information.

h. The IRS has specific reporting requirements for the disposal of personal property received as gifts. Specifically, gifts of personal property valued at $500 or more, which are disposed of within three years of the date of the gift, are subject to reporting to the IRS on Form 8282.

i. Gifts-in-kind of services can provide valuable support to the College. The contribution of services, no matter how valuable, is not tax deductible according to the IRS. However, in limited cases, the fair value of donated professional service may be counted under CASE standards if it meets both of the following:
    - The service creates or enhances a nonfinancial tangible asset for the use of the College; and

- The service requires specialized skills, is provided by persons with those skills, and would have been purchased if it hadn't been donated.

Examples include:

- A developer who donates the labor to construct a facility. The fair market value may be documented by the donor in consideration of average costs identified through competitive bids or similar projects.
- An attorney who performs pro bono legal work for the institution. The fair market value may be documented based on the average hourly rate in the area multiplied by the documented number of hours.

A volunteer's time to serve on a board, advisory council, committee, or affiliated organization; to serve as a mentor, student advisor, career coach, or speaker; or to participate to staff fundraisers, special events, or food concessions are appreciated by the College and are important engagement opportunities. However, they do not create a capital or operational cost savings to the College and, therefore, do not qualify for counting under CASE standards.

j. If there is any question about the acceptability of a potential gift of tangible or intangible personal property, the Vice President for Advancement should be consulted before proceeding.

VIII. Employer-sponsored Matching Gifts

A. A matching gift may be received from a company or a company funded foundation, matching a gift given to the College by an employee, retired employee, a director of the company, or sometimes the spouse of the employed individual.

B. Matching gifts will be credited to the same account(s) in Advancement's database of record as the original gift unless restricted by the matching company.

C. Matching gifts cannot be entered as a payment on a personal pledge made by an individual, as the funds are not under direct control of the donor.

D. An individual's giving record may be soft credited (*as defined in Article XV, Section C, below)* with the value of the matching gift.

IX. Donor-Advised Funds

A. Donor-advised funds (DAFs) are philanthropic vehicles established at public charities that allow donors to make charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time.

B. Gifts to the College from DAFs are typically accepted in the form of checks or electronic fund transfers and processed accordingly.

C. No gift receipt will be issued to the individual who recommended a gift to the College from the DAF; however, the individual's giving record will be soft credited (*as defined in Article XV, Section C, below)* with the value of the gift.

X. Planned Gifts

Planned gifts will be used by the College at some point in the future. These gifts are either irrevocable (cannot be changed by the donor once the gift is made) or revocable (can be changed by the donor at any time). The College's Office of Gift Planning oversees the College's planned giving programs, including the creation of Pomona Plan life income agreements, in consultation with the Investments Office and General Counsel as needed. The Office of Gift Planning is also responsible for due diligence review with respect to all planned gifts, and for recommending guidelines on how planned gifts will be counted and recognized in Advancement's database of record. A range of planned giving options is available at the College.

A. Charitable Gift Annuities

1. A charitable gift annuity provides fixed payments to one or two annuitants for life in exchange for a gift of cash or securities to the College. The payments are backed by the general resources of the College. Upon the death of the annuitant(s), the residuum of the annuity will be used by the College as directed by the donor.
2. The College may accept charitable gift annuities, in compliance with certain legal requirements and other considerations.
3. The College sets maximum payment rates and required gift minimums to establish gift annuities.
4. In limited cases the College may accept real estate, tangible personal property, or other illiquid assets in exchange for charitable gift annuities, subject to appropriate due diligence review by the Real Estate Office, Investments Office, or the Finance Office, as appropriate and approval by the Vice President for Advancement.

B. Charitable Remainder Trusts

1. A charitable remainder trust provides payments for either the life of the beneficiary or for a set period. The trust payments are either the same amount each year for a charitable remainder annuity trust, or, for a charitable remainder unitrust, the payments will

fluctuate from year to year based on the value of the trust's assets. When the trust term ends, its remaining assets are transferred to the College for use as directed by the donor.

2. The College may accept gifts of a remainder interest in charitable remainder trusts.
3. The College may serve as trustee of a charitable remainder trust, provided it is named as an irrevocable beneficiary of at least 55% of the remainder, and the funding value meets the College's required minimum.

C. **Charitable Lead Trusts**

1. A charitable lead trust provides annual payments to the College over a set period. The remaining trust assets are transferred at the end of the trust term to the donor or whomever the donor chooses.
2. The College may accept designation as the beneficiary of a charitable lead trust.
3. The College may serve as trustee of a lead trust, provided it is named as an irrevocable beneficiary of at least 55% of the trust income, and the net present value of that income interest meets the College's required minimum.
4. Due to the potential for liability, the College may accept an appointment as trustee of a charitable lead trust only upon review of all relevant circumstances and if it secures sufficient assurances, either through an indemnification clause in the trust agreement or through some other written means, that the donor of the lead trust will protect the College from potential liability to the non-charitable beneficiaries of the trust (usually the donor's family) except in the case of willful misconduct or gross negligence.
5. Generally, the College will not serve as trustee of a charitable lead trust funded with or invested in assets other than a diversified portfolio of publicly-traded securities.

D. **Life Insurance**

1. The College may accept a designation as beneficiary or owner of a life insurance policy.
2. The College will not accept policies where the College is obligated to make any future premium payments unless the donor commits to making annual gifts to cover such payments and/or understands that the College may unilaterally exercise its right to surrender the policy for its cash surrender value.
3. The College sets required face value minimums on life insurance policies.

E. **Bequest Intentions**

The College may accept and retain documentation of bequest intentions regardless of revocability or the age of the donor and honor those giving bequest intentions with an invitation to membership in the College's honorary legacy society, *Granite & Sagebrush*. The College will count and credit bequest intentions as follows.

1. A **Legacy Gift Intention** is a type of bequest intention that is revocable by which donors notify the College they have included Pomona in their wills or estate plans (including beneficiary designations). Consistent with CASE standards, the College may recognize and count legacy gift intentions if donors:
    - Are age 70 or older;
    - Sign a Legacy Gift Confirmation or similar document that includes a current estimated value for the gift of $25,000 or more; and
    - Provide supporting documentation (e.g., copy of pertinent portions of will or revocable living trust, or beneficiary or pay-on-death designation) acceptable to the Office of Gift Planning.
2. A **Life Pledge** is a type of bequest intention that is irrevocable by which donors notify the College that they have included Pomona in their wills or estate plans (including beneficiary designations) or otherwise committed to an irrevocable estate gift to Pomona in, for instance, a gift agreement. Consistent with CASE standards, the College may recognize and count life pledges if donors:
    - Are age 70 or older;
    - Sign a written gift agreement or pledge that makes a specific commitment that is legally binding and irrevocable that includes a current estimated value for the gift of $100,000 or more;
    - Provide supporting documentation (e.g., copy of pertinent portions of will or revocable living trust, or beneficiary or pay-on-death designation) acceptable to the Office of Gift Planning; and
    - Own enough assets to satisfy the amount committed, as best as the College can ascertain.
3. Documentation in support of legacy gift intentions and life pledges is saved in the Advancement database of record.
4. Life pledges are entered as pledges in gift accounting records in the Controller's Office; legacy gift intentions are not posted in gift accounting records in the Controller's Office.
5. Legacy gift intentions and life pledges intended to establish new endowed funds or new programs must be approved by the Vice President of Advancement.

6. Although the College may provide an acknowledgment of legacy gift intentions and life pledges for recognition purposes, per Internal Revenue Service regulations, no gift receipt may be provided until the bequest is realized or the pledge is satisfied.

F. **Testamentary Planned Gifts**

Charitable gift annuities and various charitable trusts may be funded at the passing of the donor, as well as during lifetime. The decision for the College to serve as the trustee of a trust funded by testamentary gift requires recommendation of the Office of Gift Planning and concurrence by the Investments Office both at the time of notification of the intention, if so notified, and again when the trust is funded.

G. **Matured Testamentary Gifts**

All matured testamentary gifts (trusts and estates) are administered through the Office of Gift Planning. All trustees, executors, and other administrators of trusts and estates that provide a gift to the College should be directed to the Office of Gift Planning.

XI. Gift Entry Receipts

A. All philanthropic commitments to the College must be processed by and credited to the donor through the Advancement gift processing and data management system.

B. IRS regulations require the College to issue a written receipt to every donor who makes a gift valued at $250 or more. The Office of Advancement Services will provide donors to the College a gift receipt that is prepared in accordance with applicable government requirements. No other College department/unit should issue a gift receipt.

C. Advancement Services must have, at a minimum, the following information to record a gift and issue a receipt:

1. Name of the donor(s)
2. Address of the donor(s)
3. Date of the gift
4. Description of the gift property
5. Statement of donor intent.

D. In addition to a tax receipt, gifts of certain types and levels will also be acknowledged with thank-you communications (e.g., letter, phone call, or other means).

E. The College does not record unreimbursed expenses incurred by volunteers as gifts. Upon request, Advancement may provide a letter acknowledging a person’s volunteer role, with dates of service, and with a statement that expenses might have been incurred that were not reimbursed and might be tax deductible.

XII. Gifts from Pomona Faculty and Staff

The College is grateful for gifts from faculty and staff members. Due to IRS regulations, for a gift to qualify for a charitable deduction, the donor must not personally benefit from or control the use of the funds. As such, College faculty and staff members cannot designate a gift to a fund from which they can authorize expenditures for personal benefit, or in such (or similar) cases where the fund:

A. Supports his or her salary;
B. Pays for consumer goods to be used by him or her;
C. Pays for his or her research, or other professional activities;
D. Pays for travel by him or her; or
E. Provides scholarship or fellowship assistance to him or her, or to a close relative.

XIII. Anonymous Gifts

As a general rule, the College does not accept anonymous gifts. However, a donor's record may be marked anonymous upon approval of the Vice President for Advancement. Anonymity of a gift might be granted for a donor who wishes to protect his or her privacy; however, these donors are not anonymous to College leadership. In addition, a gift might be marked temporarily anonymous until such time as it is publicly announced or recognized. Upon approval, the Vice President for Advancement will inform the Board Ad-Hoc Gift Review Committee of the decision and the rationale for anonymity.

XIV. Providing Legal or Financial Advice

A. Neither the College nor any of its employees acting on behalf of the College may agree to act as the successor trustee of a living trust or the executor of any will in which the College is named as a beneficiary, without the approval of the Vice President for Advancement.
B. College employees acting on behalf of the College shall not draft wills or living trusts naming the College as a beneficiary, regardless of whether such employee is licensed to practice law. (This provision does not apply to employees drafting their own will or wills for family members, naming the College as a beneficiary.)
C. College employees may provide donors with suggested bequest language or assistance with other language pertaining to gift designation within the College.

D. The Office of Gift Planning may provide donors and their counsel for reference purposes with approved form documents for planned gifts to the College such as charitable remainder trusts, charitable lead trusts, and life estates.

E. No employee of the College shall provide financial planning services for any donor. Prospective donors should be encouraged to seek the assistance of their own financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Further, to avoid conflicts of interest or the appearance of improper influence, the College shall not pay legal or other fees for the preparation of a donor's will, trust or any transfer on death documents that name the College as a beneficiary.

XV. Gift Counting and Reporting

A. **Adherence to Industry Standards**

1. To ensure the highest possible gift crediting and campaign counting integrity, all charitable contributions to the College will be counted and recorded in the Advancement database of record in accordance with the standards set forth by the Council for Advancement and Support of Education (CASE).

B. **Types of Gift Reporting**

1. **Fiscal Year Cash and New Fundraising Commitments Reporting**

   a. These reports display year-to-date cash and/or new fundraising (commitments) for a specific fiscal year only (July 1 to June 30).

   b. Fiscal year cash reports reflect tangible asset transfers to the College (e.g., outright cash gifts, pledge payments, and realized bequests).

   c. New fundraising commitment reports reflect outright cash gifts and new pledges to the College, including planned gifts as described in subparagraphs d and e, below. These reports highlight the impact of donor commitments to the College, including those that will be realized in the future.

   d. Irrevocable life-income gifts (annuities and trusts) funded during a fiscal year will be counted and reported at face value in annual fundraising totals and in separate reports at both face value and discounted present value according to the IRS charitable deduction calculation. When life-income gifts mature, release values are not counted in new fundraising totals, but will be reported annually to the Board of Trustees for information purposes.

e. The following guidelines apply to the counting of bequest intentions in fiscal year reports:

i. Legacy gift intentions described in paragraph E.1 of Section X, above, will be counted at face value.

ii. Life pledges described in paragraph E.2 of Section X, above, will be counted at face value.

iii. To avoid double-counting, when a legacy gift or life-pledge matures and is received by the College, any amount previously counted will not be counted again. If the amount realized exceeds that which was previously counted, only the excess will be counted in new fundraising as a realized bequest.

2. **Campaign Reporting**

Campaign reporting differs from fiscal year reporting in that fundraising totals span more than one fiscal year. Campaign gift counting periods are recommended by the Vice President for Advancement and approved by the College's Board of Trustees. The principles for counting gifts during a campaign include, but are not limited to, the following:

a. Gifts and pledges received or committed to during the campaign period are counted in campaign totals.

b. Certain gifts or pledges received or committed prior to the start of the campaign period may be counted only if the gift or pledge was not counted in a previous campaign and has been recommended for campaign counting by the Vice President for Advancement, with approval by the College's Board of Trustees.

c. Subject to limits that may be set at the beginning of a campaign, irrevocable life-income gifts (annuities and trusts) funded during the campaign period will be reported in separate reports at both face value and discounted present value according to the IRS charitable deduction calculation. When life-income gifts mature, release values are not counted in campaign totals.

d. Subject to limits that may be set at the beginning of a campaign, the following guidelines apply to the counting of bequest intentions made during the campaign period:

i. Legacy gift intentions described in paragraph E.1 of Section X, above, will be counted at face value.

ii. Life pledges described in paragraph E.2 of Section X, above, will be counted at face value.

e. The value of any canceled or unfulfilled gift or pledge will be subtracted from campaign totals in the period the original gift or pledge was recorded.

3. **Gift Recognition Reporting**

Advancement also produces reports demonstrating the impact donors have beyond the legal credit assigned based on IRS regulations. These reports may include all of a donor's cash gifts, as well as pledges and soft credit (e.g., donations though donor-advised funds, matching gift companies, and related family foundations). In addition, the face value of documented bequest intentions may be included regardless of the donor's age. These reports may be used to help determine donor eligibility for various forms of recognition (e.g., giving societies), among other purposes.

C. **Soft Credit**

A soft credit is a credit for a donation that a donor did not actually make but may have influenced. Examples of soft credits include matched donations, donor advised funds, donations given by another member of the household, peer-to-peer fundraising, or donations that someone influenced by being a member of a board.

D. **Clarification on Differences between Financial Accounting and Reporting and Advancement Reporting**

1. It is important to clarify the distinction between financial accounting, which underlies the financial reporting of gifts following accounting principles generally accepted in the United States of America ("US GAAP") established by the Financial Accounting Standards Board (FASB), and Advancement reporting, which is a measure of fundraising activity in accordance with standards set forth by the Council for Advancement and Support of Education (CASE) and approved by the Vice President for Advancement. This policy focuses on Advancement reporting, not financial accounting and reporting.
2. Advancement tracks all outright gifts, pledges, and planned gifts received. The intent of Advancement reporting is to reflect the total impact of fundraising efforts by representing all gifts, including the value of pledges and planned gifts, at both face and present values.
3. Gift revenue accounted for in the College's financial accounting system and presented in the College's audited consolidated financial statements is in accordance with US GAAP and may differ from gifts included in Advancement reporting for a number of reasons, including

but not limited to: transfers of assets not recognized as gifts in the College's financial accounting system; gifts recognized in different periods than in Advancement reporting; and gifts reported at different amounts based on differing methodologies used to value gifts in the College's financial accounting system and Advancement reporting.

Exceptions to the College's Gift Acceptance, Counting, and Reporting Policy may be granted by the Vice President for Advancement or his/her designee(s), in consultation with General Counsel, as necessary.

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