Gift Acceptance Policy

Responsible Office	Office of Alumni, Communications and Philanthropy
Responsible Party	Vice President for Alumni, Communications and Philanthropy
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Policy

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The Great Commitments of Berea College

Berea College, founded by ardent abolitionists and radical reformers, continues today as an educational institution still firmly rooted in its historic purpose "to promote the cause of Christ." Adherence to the College's scriptural foundation, "God has made of one blood all peoples of the earth" (Acts 17:26), shapes the College's culture and programs so that students and staff alike can work toward both personal goals and a vision of a world shaped by Christian values, such as the power of love over hate, human dignity and equality, and peace with justice. This environment frees persons to be active learners, workers, and servers as members of the academic community and as citizens of the world. The Berea experience nurtures intellectual, physical, aesthetic, emotional, and spiritual potentials and with those the power to make meaningful commitments and translate them into action.

To achieve this purpose, Berea College commits itself:

- *To provide an educational opportunity for students of all races, primarily from Appalachia, who have great promise and limited economic resources.*
- *To offer a high-quality liberal arts education that engages students as they pursue their personal, academic, and professional goals.*
- *To stimulate understanding of the Christian faith and its many expressions and to emphasize the Christian ethic and the motive of service to others.*
- *To promote learning and serving in community through the student Labor Program, honoring the dignity and utility of all work, mental and manual, and taking pride in work well done.*
- *To assert the kinship of all people and to provide interracial education with a particular emphasis on understanding and equality among blacks and whites as a foundation for building community among all peoples of the earth.*
- *To create a democratic community dedicated to education and gender equality.*
- *To maintain a residential campus and to encourage in all community members a way of life characterized by mindful and sustainable living, health and wellness, zest for learning, high personal standards, and a concern for the welfare of others.*
- *To engage Appalachian communities, families, and students in partnership for mutual learning, growth, and service.*

Originally adopted by the Board of Trustees in 1969

Revision adopted by the Board of Trustees in 2017

Policy Statement

This policy is established to govern the acceptance and disposition of all gifts made to Berea College. The College strongly encourages voluntary contributions and gratefully acknowledges all gifts that enable the College to fulfill its purposes.

Solicitation of individual, foundation and/or corporate gifts is the specific responsibility of the Office of the Vice President for Alumni, Communications and Philanthropy. No other college department or individual, other than the President who by virtue of position actively engages in fundraising, should solicit gifts nor engage in fundraising without the prior approval of the Office of the Vice President for Alumni, Communications and Philanthropy (see the "Fundraising Policy for On-Campus Groups" in the Appendix). The notification and approval process requires completion of the Fundraising Approval Form (see Appendix).

In soliciting and accepting gifts, accounting for funds received, and reporting fundraising totals, the trustees, staff, and volunteers of the College endeavor to enhance the well-being of the College and to treat all donors with respect and care. It is our mission to provide careful and professional stewardship for each donor and each gift.

The College's funding priorities are determined by the Board of Trustees, the President, and the Administrative Committee. The Berea Fund (Annual Fund) is a leading funding priority of the College.

The College accepts gifts for which the transference and implementation are deemed consistent with state and federal laws. The College will accept both inter vivos gifts and gifts from estates. Unrestricted gifts are encouraged; gifts with the fewest possible restrictions allow the College to address its most pressing needs. Note: Internal Revenue Service (IRS) regulations require a gift to pass the "test of deductibility" in order to be credited for a tax deduction. To pass this test the College must be given full control of the donated funds, and discretion as to their use, so as to ensure that they will be used to carry out its functions and purposes.

The College is a 501(c)(3) organization. It is the College, through its Board of Trustees, not individuals or departments that receives gifts by law. The Administrative Committee (see Section 2) is empowered to receive or reject gifts to the College on behalf of the Board and in accordance with Board approved policies.

Gifts that may expose the College to adverse publicity, damage the College's reputation, compromise the College's core values, require excessive expenditures of the College's resources, or involve the College in unwelcome responsibilities because of their sources, conditions, or purposes will be referred to the Administrative Committee before acceptance. The Committee will assess the financial desirability of receiving assets as gifts from potential donors and determine whether to accept such gifts as offered. Berea College reserves the right to decline gifts from which it will realize little or no financial gain.

Gifts will be accepted only for purposes consistent with the College's beliefs, values, mission and planning. The College will not accept gifts that infringe on its established policies and procedures for admissions, appointments of faculty and staff, the conduct of teaching and scholarship, construction of facilities, or other activities, or that are offered for purposes that are inconsistent with the College's mission.

Ultimately, the final authority to accept or reject a gift rests with the Board of Trustees.

Exceptions to this Gift Acceptance Policy may be made for good cause on a case-by-case basis. Such exceptions shall be reviewed by the Administrative Committee and, when appropriate, presented to the Board of Trustees for final approval.

The College adheres to the "Statement of Ethics" set forth by the Council for the Advancement and Support of Education (CASE) and upholds its "Donor Bill of Rights" (see Appendix). Gift accounting follows CASE and the National Association of College and University Business Officers (NACUBO) established guidelines as described in *Management Reporting Standards for Educational Institutions: Fund Raising and Related Activities (1982) and CASE Management Reporting Standards: Standards for Annual Giving and Campaigns in Educational Fund Raising.*

Gift Acceptance Committee

Either the Administrative Committee or a subcommittee composed of the President, the Vice President for Alumni, Communications and Philanthropy, the Vice President for Finance, and the General Counsel will serve as the Gift Acceptance Committee.

The Gift Acceptance Committee will review:

- any gifts that may expose the College to adverse publicity, damage the College's reputation, compromise the College's core values, require excessive expenditures of the College's resources, or involve the College in unwelcome responsibilities because of their sources, conditions, or purposes
- any gifts involving the transfer of real property, closely held securities or business interests to the College; or
- other gifts brought to the Committee by the Vice President for Alumni, Communications and Philanthropy.

The Gift Acceptance Committee may seek advice from the College's counsel as it deems necessary. In cases requiring additional reflection and discussion, the President may call upon the Chair of the Board of Trustees.

Current Use Gifts

The College prefers to use most outright annual gifts for general budget relief and encourages gifts of all sizes to the College through the annual, unrestricted Berea Fund. However, current gifts designated by the donor to a specific department will be added to that department's funds. The College may also accept donor-directed gifts to current purposes other than the Berea Fund.

Current Use Funds for Restricted Purposes

The minimum to establish a current use fund designated for a specific purpose is $10,000. These funds may be named or unnamed. The minimum may be met over a period not to exceed one (1) year from the date of the signed gift agreement. If the threshold is not met by the requisite time, payments received will be moved to provide discretionary funds for the department or area specified or to support a program or activity most closely aligned with the donor's or donors' intent.

The Gift Acceptance Committee (the Administrative Committee or a subcommittee thereof) approves the establishment of such funds. This responsibility is delegated to the Vice President for Alumni, Communications and Philanthropy for routine funds in support of institutional priorities.

It is expected that these funds will be distributed in support of their stated purpose in four years or less; the suggested annual disbursement of such funds is generally one quarter of their value or more.

Endowed Funds

As with current use funds for restricted purposes, the Gift Acceptance Committee (the Administrative Committee or a subcommittee thereof) delegates to the Vice President for Alumni, Communications and Philanthropy the establishment of endowed funds.

In order to establish a named endowment fund, normally a donor must satisfy the following requirements:

1. Sign a Letter of Agreement or other instrument prepared by the Office for Alumni, Communications and Philanthropy detailing the donor's and the College's understanding of the name of the fund, its purpose, and administration;
2. Meet the minimum funding requirement of $50,000 within the agreed upon timeframe in the form of cash and/or outright securities.

If the minimum endowment is not reached within the specified time frame, the fund is dissolved and all proceeds transferred to College's Legacy Cost of Education Endowment unless otherwise noted.

All endowment funds are pooled, unless otherwise directed by the donor, and invested so that the investment principal will grow over time and each year generate spendable income based on the College's approved spending formula. Spendable return is credited once per year. For a new fund, the first spendable amount is credited the fiscal year following the fiscal year the endowment fund was established.

Prize Funds

Those interested in endowing funds that benefit students are strongly encouraged to establish cost of education scholarship endowments which provide the College with tuition replacement funds. Should a donor wish instead to endow a prize fund—or create a designated current use fund--that provides a cash award to honor and/or assist a student or students of merit, special guidelines will be followed for such funds, as follows:

1. Twenty five (25%) of the endowment spendable or current-use available funds for the year will be distributed as a prize or prizes. The remainder will be designated as direct aid for students.
2. The minimum gift required to establish endowed or current use prize funds, the time limit by which prize funds must be fully funded, and the action to be taken if the funds are not received within the requisite time frame remain the same as for other endowments or named current use funds.

For all funds, the College is the absolute owner of the funds and will always use reasonable care in investing and administering the fund in accordance with both IRS regulations and the executed Letter of Agreement.

Endowed Scholarships or other funds in Honor of or in Memory of Alumni, Faculty, Staff, or Friends

The following criteria apply to creating endowed scholarships or other endowed funds to honor alumni, faculty, staff, or friends:

1. The primary sponsor(s) of the fundraising effort should pledge individual gifts that collectively total at least the threshold amount needed to endow the fund.
2. If the total of gifts received does not reach the endowed level within five years from the agreement creation date, gifts will be added to the existing College Legacy Cost of Education Endowment Fund. The Vice President for Alumni, Communications and Philanthropy may approve a six-month extension if extenuating circumstances give rise to the need for such an extension.

Endowed Professorships

In order to encourage greater levels of giving to the College and to recognize those gifts that are helping to advance the College at the highest level, the College will create a named endowed professorship with a gift to the College at a minimum level of $1.5 million.

Each endowment will provide annual income to support a faculty salary and benefits. The annual income may also provide added support for research, writing, travel, course development, and other innovative means to enhance the professor's scholarly work and to bring new ideas to the classroom.

Endowed Programs

Programs and activities may also be named in recognition of generous support. Gift amounts for specific naming opportunities are established by Administrative Committee upon recommendation of the Vice President for Alumni, Communications and Philanthropy, taking into account the level of endowment needed to provide ongoing support for the program or activity.

TYPES of GIFTS

The following policies describe various methods by which a donor(s) can benefit Berea College: for the creation and naming of professorships and programs.

Pledges

Please refer to the pledge policy. Any announcement of the pledge or gift will be made in consultation with Berea College leadership and the donor(s) and upon execution of a signed Letter of Agreement, including a written pledge with a fulfillment period no longer than five years, and after at least 50 percent of the pledge has been fulfilled. A faculty appointment to an endowed professorship or the implementation of a new program shall not occur until the full gift is received. If the pledge is not fulfilled within five years or other agreed upon payment schedule, the Administrative Committee, in consultation with the Board of Trustees, may designate funds received to a named endowment fund for another related purpose as agreed upon by the College and the donor, in lieu of the endowed professorship or program.

Under special circumstances, the Gift Acceptance Committee may consider alternative funding formulas.

Bequests

Endowments established through bequest will be announced, and a faculty appointment made or a new program initiated, after the bequest is realized and the amount received is sufficient to meet the required funding level in effect at the time of the testator's death.

Life Income Gifts

The endowment of a professorship or program will be announced, and a faculty appointment made or a new program initiated, only upon receipt of the remainder interest of the life income gift, and only when the amount received is sufficient to meet the requirement in effect at the time of the testator's death.

Matching Gifts

If the donor's gift will be matched by a corporation, the amount contributed by the corporation will be credited as part of the donor's gift as associated credit unless explicitly prohibited by the matching corporation. An anticipated match may be counted toward the minimum needed for creating a named endowment, provided the donor agrees in writing to be responsible for the entire anticipated amount should the matching corporation fail to match as anticipated.

Crowdfunding

Crowdfunding is the practice of funding a project, space, or scholarship by raising small amounts of money from multiple donors. This includes named honorary or memorial funds or scholarships. Crowdfunding efforts must be approved by the Vice President for Alumni, Communications and Philanthropy. For a crowdfunding request to be approved and launched by the donor, at least 50 percent of the goal must be pledged by one or more donors. The College will not fundraise on behalf of any particular person, fund, or named space unless approved by the Vice President for Alumni, Communications and Philanthropy. The College reserves the right to withdraw fundraising assistance at the discretion of the Vice President for Alumni, Communications and Philanthropy.

Naming of Buildings and Other Spaces

In recognition of generous support or devoted service to the College, the College has named buildings and other spaces on the campus since its earliest days. This policy is established to support a consistent methodology that ensures that all naming practices reflect the College's purpose and mission.

Gift amounts for specific naming opportunities are established by Administrative Committee upon recommendation of the Vice President for Alumni, Communications and Philanthropy, taking into account both capital and ongoing maintenance costs.

Naming gifts for new construction or renovation should generally provide at least 40 % of the cost of construction, but are determined on a per-project basis, and are subject to Board of Trustees approval. No name will be approved that will imply the College's endorsement of a political or ideological position or of a commercial product.

Naming guidelines for specific spaces within the building should be consistent with other recently completed or current projects that are similar in scope, size, use, and the like. Gift levels may also take into consideration the visibility of the defined area, the nature of the activity housed in the named area, and the attractiveness and location of the area.

Spaces can also, at the discretion of College leadership, be named to recognize a donor's significant investment in a particular department or program.

Funding a capital project is formally opened through the execution of a signed Letter of Agreement.

TYPES of GIFTS

The following policies describe various gifting methods involving requests for the naming of new or existing buildings and other campus (indoor or outdoor) spaces.

Pledges

Please refer to pledge policy. Any announcement of a naming will be made in consultation with Berea College leadership and the donor(s) and upon the execution of a signed Letter of Agreement, including a written pledge with a fulfillment period no longer than five years, and after at least 50% of the pledge has been received. If the pledge is not fulfilled within five years or another agreed upon payment schedule, the Administrative Committee, in consultation with the Board of Trustees, may designate funds received for another related purpose or for an alternative named space commensurate with the amount received.

Bequests

When a bequest forms all or part of the amount required for a building or other space, the naming will be announced only upon the College's receipt of the bequest and only when the amount received is sufficient to meet the naming requirement in effect at the time of the testator's death.

Life Income Gifts

The naming of a building or other space will be announced only upon receipt of the remainder interest of the life income gift, and only when the amount received is sufficient to meet the naming requirement in effect at the time of the testator's death.

Matching Gifts

If the donor's gift will be matched by a corporation, the amount contributed by the corporation will be credited as part of the donor's gift as associated credit unless explicitly prohibited by the matching corporation. An anticipated match may be counted toward the minimum needed for naming a building or space, provided the donor agrees in writing to be responsible for the entire anticipated amount should the matching corporation fail to match as anticipated.

DURATION OF NAMING

Names of facilities are typically maintained for the life of the facility. However, when major modifications to College properties are made, including large-scale renovations, relocation or removal, it may be in the best interest of the College to consider naming changes. Should this occur, reasonable efforts will be made to inform an original living donor, honoree, or donor representative in advance of construction.

The original donors or their descendants will be given the first opportunity to name the new space or building. When the use of a named facility changes or ends, the College will make a reasonable effort to recognize the original investment of donors.

A name change may also be considered should a change in family or organizational circumstances cause the donor or other affected individual(s)/organization(s) to request a name change or revocation.

All facility name changes are subject to approval of the Administrative Committee and the ultimate oversight of the Board of Trustees.

The College also reserves the right to remove the name of a donor from a building or area within an existing building-or from other recognition if:

1) the donor fails to honor his/her financial commitment associated with the naming rights (if partial funding was received that is sufficient for an alternative naming opportunity, the terms of this Policy shall govern any renegotiation for a suitable naming), or

2) upon discovery of information that the donor has engaged in conduct that risks the integrity or reputation of the College with continued use of a particular name. The right to remove names for such behavior may extend to all naming opportunities, including programs and endowments.

Commemorative and Memorial Gifts

To adhere to the College's funding priorities, solicitation of Berea College donors, including Berea alumni, by those who wish to promote commemorative or memorial gifts, is not generally allowed. Any exceptions to this policy require prior approval of the Vice President for Alumni, Communications and Philanthropy. Further, the Berea College "Privacy of Alumni Information Policy" (see Appendix) expressly prohibits the release of alumni names and address lists for solicitation purposes without prior approval.

Pledges

Pledges are commitments to make future gifts. Only the entity exercising legal control over the assets to be given can make a pledge. Therefore, an individual cannot make a pledge that includes an amount that is based on anticipated matching contributions from an employer or some other source. Nor can an individual commit funds that may come from a donor-advised fund or community foundation. An enforceable, countable pledge includes only those funds that will be given by the legal entity that controls the assets and the transfer.

Commemorative Gifts

Trees and Plantings

The College will designate a tree or small plant bed, upon the request of donor, as a tribute or memorial in recognition of a gift of $2,500. Commemorative plantings cannot begin until the complete gift is received. If, after 12 months, the threshold amount has not been met, payments received will be placed in an account for campus beautification. If gifts exceed the requisite amount, the excess will be placed in an account for campus beautification.

Benches

The College will designate a bench, upon the request of donor, as a tribute or memorial in recognition of a gift of $2,500. Construction or placement of commemorative benches cannot begin until the complete gift is received. If, after 12 months, the threshold amount has not been met, payments received will be placed in an account for campus beautification.

Plaques

Plaques other than those on benches or adjacent to trees and plantings (see above), are available only in the context of capital projects. Exceptions may be approved at the discretion of the Vice President for Alumni, Communications and Philanthropy.

Cash and Credit Card Gifts

Checks should be made payable to Berea College. The College accepts gifts made with all major credit cards including Visa, Master Card, Discover, and American Express.

The gift date for gifts of cash/checks mailed to the College is the date that the gift is received. The postmark date is used to determine the appropriate calendar year. The gift date for ACH and wire transfer gifts is the date the funds are received into Berea's account. For credit card gifts, the gift date is the date the gift is charged to the donor's credit card account.

Legal or "hard credit" for the gift will be given only to the entity controlling the asset at the time of transfer, usually the owner of the account. The official Berea College receipt will be issued to that entity.

Gifts of Securities

Gifts of securities are credited at the mean market value on the day the donor relinquishes control of the security to the College. The gift value assigned by the College may be different from the donor's gift value for tax purposes due to the donor's holding period for the security.

Donors are advised to adhere to IRS guidelines regarding gifts of securities. (See IRS Form 8283 at www.irs.gov.) Questions about security transactions can be directed to the Finance and/or Gift Planning Office. The College will sell publicly held securities as soon after acquisition as possible in the absence of a compelling reason to retain the securities.

Effective Date of Security Gifts

Security gifts made through a broker

The date of the gift is the date the security is transferred into a Berea College account.

Stock certificate registered in the name of Berea College

The date of the gift is the certificate date (i.e., the date the shares are transferred and registered to Berea College).

Stock certificate and stock power received in the mail via the United States Postal Service

The date of the gift is the postmark date. The envelope must remain attached and be included when stock gifts in certificate form are mailed to the College.

Stock certificate and stock power delivered via a courier service (Fed Ex or UPS, for example)

The date of the gift is the date of receipt by Berea College.

Stock certificate and stock power hand delivered

The date of the gift is the date the donor delivers the certificate to a Berea College employee.

Closely Held Securities and Business Interests

The College will evaluate on a case-by-case basis the acceptance of gifts of closely held securities and/or business interests. The Planned Giving Office, the Vice President for Finance, the Vice President for Alumni, Communications and Philanthropy, and the College's counsel will, if possible, consult in advance of the gift. All such gifts must be approved by the Gift Acceptance Committee.

There can be significant tax and legal implications with gifts of closely held securities and/or business interests. Donors should be advised to seek their own professional legal, tax, and financial counsel, and adhere to IRS guidelines regarding gifts of closely held securities and business interests.

Gifts of Real Property (Real Estate)

Because these transactions can be more complex than gifts of cash or traded securities, it is important that potential donors fully understand the College's policies and procedures pertaining to such gifts and consult their personal legal, tax, and financial counsel regarding the implications of the transfer.

The College may accept gifts of real estate, provided the gift has a clear potential for contributing to the overall academic purpose and mission of the College and/or can be successfully liquidated in a reasonable time period. The Gift Acceptance Committee will determine whether to accept the gift of real property based on its estimated value, its sales potential, and any associated environmental hazards or other contingencies. The College will sell gifts of real estate as soon after acquisition as possible in the absence of a compelling reason to retain the gift. Due to their limited marketability, the College will not typically accept gifts of fractional ownership interests, including but not limited to time shares.

The date of delivery of a signed deed to the College or the College's agent is the date of transfer for gifts of real estate. The date of transfer for gifts of real estate to a trust is the date the Trustee accepts the property into the trust.

In the case of a potential gift of mineral rights, the College will first determine the marketable value and institutional policy implications of extraction methods, royalty and other arrangements.

Gifts of Tangible Personal Property (Gift-in-Kind)

The College may consider accepting gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware only after a thorough review to include the Division Vice President. The College will adhere to IRS guidelines for gifts of tangible personal property. Donors are advised to seek their own professional legal, tax, and financial counsel, and adhere to IRS guidelines regarding gifts of tangible personal property.

Any gift of tangible personal property must meet the following criteria:

1. The gift should be readily marketable or should be needed by the College for purposes consistent with its tax exempt purpose;

2. The gift should not impose an ongoing financial burden on the College;

3. The gift should not impose any other burden on the College (e.g., a piece of equipment, books, etc. that obligates the College to create additional space, incur transportation and/or carrying costs, etc.).

In most cases, gifts-in-kind are received and accepted by the department for which the gift is intended only after approval by the Division Vice President and in consultation with the Vice President for Alumni, Communications and Philanthropy. The department should complete a Gift-in-Kind Form and send it to Advancement Services in the Office for Alumni, Communications and Philanthropy. The gift is recorded at the value provided by the donor, so long as the value does not exceed its fair market value. The College does not independently value any gift-in-kind. Gifts-in-Kind valued $5,000 or more must be approved by the Administrative Committee.

The department should determine if the donor wishes the College to use or display the gift and should clarify if/how the College may dispose of the gift should it wish to do so. Prospective donors should be advised that the College reserves the right to sell or otherwise dispose of the gift if such action is financially advisable or necessary and if there is no formal agreement with the donor to the contrary.

Any gift that is to be sold or otherwise disposed should be referred to the Vice President for Alumni, Communications and Philanthropy. Any gift-in-kind about which there is a question of acceptability must be referred to the Gift Acceptance Committee. If the College intends to sell the gift immediately, the donor must be informed of IRS rules that may limit the amount of the charitable deduction to the donor's cost basis. Gift credit for a gift-in-kind cannot be given until there is physical delivery and authorized acceptance of the gift-in-kind.

Other Assets

The Gift Acceptance Committee will consider gifts of other assets, including but not limited to promissory notes, assignment of promissory notes, or partnership interests only after a review of the following criteria:

1. Market value and marketability;
2. Potential environmental risks;
3. Limitations and encumbrances;
4. Carrying costs;
5. Title information.

The College will not appraise or assign a value for the gift. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal if required by the IRS.

Planned Gifts

A planned gift represents a commitment on the part of an individual or individuals to transfer to Berea College control over a portion of their assets for the future benefit of the College.

There are two basic types of planned gifts, revocable and irrevocable. The more common of the two is the revocable planned gift such as a bequest by will or living trust, a life insurance policy with Berea College named as beneficiary, a pension plan remainder, or a bank account. Donors retain the power to revoke the gift at any time and maintain control over the assets during their lifetime. The College does not receive the asset until the donor has died or other provisions have been satisfied.

Through an irrevocable planned gift, the donor transfers control of the assets to the College (or possibly another party) while they are living, but retains the right to either the income interest or the remainder interest in the gift for a period of years, or for the lives of one or more persons. Because the gift is irrevocable, the IRS grants the donor certain income tax, capital gains tax, gift tax, and estate tax benefits depending on the terms of the agreement.

Because of the complexities of these gift agreements and the commitment made by the College when it agrees to accept a planned gift, guidelines to be used in evaluating the potential benefit of a gift and determining whether it should be accepted by the College are outlined below.

Authorization for Negotiating and Accepting Planned Gifts on Behalf of the College

College staff and/or volunteers may initiate a planned gifts discussion, describe the basic parameters the College follows in evaluating a planned gift, and may, in some instances, be the primary link between the College and the donor. However, in all instances, the Vice President for Alumni, Communications and

Philanthropy, the Vice President for Finance, or the Director of Planned Giving must be involved in the discussion and approve the gift prior to being accepted by the College.

Advice of the College's counsel may be sought in all matters pertaining to the planned gifts program. All prospective planned gift donors must be encouraged to seek advice from their own legal, tax, and financial advisors. No staff or volunteer representative of the College shall ever engage in offering legal, tax, or financial advice to a prospective donor.

The Gift Acceptance Committee shall have the authority to evaluate proposed gifts to the College that fall outside these guidelines, and to accept such gifts on behalf of the College.

Bequests and Other Revocable Planned Gifts

By their very nature, the College has little or no control over bequests and other planned gift commitments before they are actually received. Guidelines for discussion of bequest intentions and other revocable gifts include:

- Bequest language should clearly state that the bequest is made to Berea College. If possible, the language should direct that the bequest be used for the general purposes of the College or contain a contingency clause such as the following:

  If at some future date, circumstances within the College should change so that the uses and purposes for which the gift has been made or the Fund has been established cease to exist, and/or are in conflict with the administrative policies of the College, then the Administrative Committee, in cooperation with the Board of Trustees, shall determine how the funds are used, bearing in mind the wishes of the Donors.

- The rules governing naming opportunities are the same for bequests as they are for other gifts made for a designated purpose. If donors are interested in establishing named professorships, scholarships, etc., through a bequest or other revocable planned gift, the gift must be of the appropriate amount and meet the criteria in effect at the time it is received.

- The College reserves the right to refuse a bequest or other revocable planned gift or modify the stated intentions of the donor, if the designation is not in keeping with the current policies of the College. Individuals considering a revocable planned gift for other than general purposes should check with the College prior to finalizing their plans.

Unrestricted bequests are subject to the Board of Trustees' 1920 policy that states "All bequests, whether specified or not, shall be considered as additions to the permanent endowment funds of the College, unless otherwise designated…." Exceptions to the policy may only be authorized by the Board of Trustees in accord with the "Exceptions to the Unrestricted Bequests Policy" (see Appendix).

Charitable Remainder Trusts

Charitable unitrusts and annuity trusts offer the donor a wider range of benefits than are available through the pooled income fund or other irrevocable gift options. Charitable trusts require a greater level of management and administration, and as a result, a larger gift commitment is required from the donor.

The College has currently elected to outsource the administration/investment of charitable trusts for which the College is named the remainder beneficiary. TIAA-CREF Trust Company, FSB presently serves the College in this role. Fees charged by TIAA-CREF Trust Company, FSB include an annual account management fee and a tax preparation fee. All fees are charged to the corpus of the trusts.

Unitrust: The College may serve as trustee for a unitrust funded with assets of at least $100,000. Subsequent additions can be made with assets of $10,000 or more. When a trust is established for which the College serves as trustee, the minimum estimated future remainder for the College must be at least 30 percent of the original principal amount of the charitable trust. Believing it is in the best long-term interest of the donor and the College, the College encourages donors to consider the lowest unitrust payout rate possible. The College administration shall determine the unitrust rate, and shall consider the ages of the income beneficiaries and the estimated future remainder of the trust.

Annuity Trust: The College may serve as trustee for an annuity trust funded with assets of at least $100,000. There can be no subsequent additions to an annuity trust. When a trust is established for which the College serves as trustee, the minimum estimated future remainder for the College must be at least 35 percent of the original principal amount of the charitable trust. The College administration shall determine the annuity rate, and shall consider the ages of the income beneficiaries and the estimated future remainder of the trust.

The College may serve as the trustee of a charitable unitrust or annuity trust which names more than one qualified charitable organization as a remainder beneficiary, provided that the trust meets the above criteria, the College has at least a 51 % interest in the trust, and the present value of the College's interest in the trust is $100,000 or more.

Note: Occasionally, a donor may propose a unitrust or annuity trust with less than the required remainder interest. On recommendation of the Vice President for Alumni, Communications and Philanthropy, the Gift Acceptance Committee may consider exceptions to the above thresholds and accept such a gift, if the amount to be placed in trust is deemed substantial and is in the best interest of the College.

Charitable Gift Annuities

Charitable Gift Annuity: A charitable gift annuity provides a guaranteed, fixed annual payment for the lifetime of one or two beneficiaries, with favorable taxation on the annuity and partial avoidance of capital gains tax. The annuity rate is determined by the Berea College Board of Trustees, as suggested by the American Council on Gift Annuities. A charitable gift annuity represents a contract with Berea College, thus the annuity is secured by the College's assets.

A charitable gift annuity is irrevocable and can be funded with cash or appreciated securities. Normally, an immediate charitable gift annuity is available at age 55 with a minimum contribution of $5,000. Upon the death of the last beneficiary, the remainder is transferred to the appropriate area of the College's resources based upon the language in the charitable gift annuity agreement. The College must be the sole remainder beneficiary.

The donor receives an immediate charitable tax deduction and avoids capital gains tax on the gift portion of the annuity, if the annuity is funded with long-term appreciated securities. The remaining capital gain is spread over the donor's life expectancy, if the donor is also a beneficiary. A portion of the annuity payment may be tax-free as a return of principal.

Deferred Charitable Gift Annuity*:* As with the charitable gift annuity, the deferred charitable gift annuity provides a guaranteed, fixed annual payment for the lifetime of one or two beneficiaries, with favorable taxation on the annuity and partial avoidance of capital gains tax. The longer the years of deferment, the higher the annuity rate. A deferred charitable gift annuity is available at age 40 with a minimum contribution of $5,000. However, the beneficiaries must be at least 55 for payments to begin. A deferred charitable gift annuity is irrevocable and can be funded with cash or appreciated securities. Upon the death of the last beneficiary, the remainder is transferred to the appropriate area of the College's resources based upon the language in the deferred charitable gift annuity agreement. The College must be the sole remainder beneficiary.

The donor receives an immediate charitable tax deduction and avoids capital gains tax on the gift portion of the annuity, if the annuity is funded with long-term appreciated securities. The remaining capital gain is spread over the donor's life expectancy, if the donor is also a beneficiary. A portion of the annuity may be tax-free as a return of principal.

The College has presently elected to outsource the administration and investment of its charitable gift annuities. TIAA-Kaspick currently serves the College in this role. Fees charged by TIAA-Kaspick include an annual management fee based on the total annuity account value. The College also charges an annual fee based on the total annuity account value. All fees are charged to the corpus of the annuity.

Donors of charitable gift annuities must be provided with a Charitable Gift Annuity Disclosure Statement as required by the Philanthropy Protection Act of 1995.

Charitable Lead Trust

A charitable lead trust can provide donors with a vehicle for making a gift to the College while passing assets to family and friends at significantly reduced gift and estate tax rates. It is critical, however, that potential donors consult their professional tax advisors so that care be taken in explaining the income, capital gains, gift tax, and estate tax consequences of this gift plan.

The College is unable to serve as trustee of a charitable lead trust. Instead, some other external organization shall serve as trustee and all administration, management, and investment expenses shall be borne by the trust.

The minimum payment from the trust and the length of the trust term can vary depending on the needs and circumstances of the donor.

Retained Life Estate

With such gifts, the donor irrevocably names Berea College as owner of his or her personal residence or farm, but retains the right to live on the property for as long as desired. This period may be for a term of years or for life. A vacation home can qualify for a life estate if the donor resides on the property six months during the year. There is no income to the donor from a life estate gift. The donor receives an income tax deduction for the remainder interest in the gift.

When the term expires or the donor dies, the College takes full possession of the remainder interest. While the donor resides on the property, all taxes, maintenance, and upkeep are the responsibility of the donor. The College has no responsibility for the property until it is fully transferred.

All proposed gifts of remainder interests must be evaluated using the same policies and procedures used with any gifts of real estate. While there are no minimum gift levels or minimum remainder values for retained life estates, the College will carefully evaluate the potential value and marketability of all proposed life estate gifts.

A gift deduction is available for the remainder interest gift in the year of the gift with the five-year carryover, if needed. The gift value is determined by the market value of the residence or land, its estimated useful life, and standard approved mortality tables.

Wholly Charitable Trusts Administered by Others

A wholly charitable trust is one that is held by others for the benefit of Berea College in which the principal is invested and the income is given to the College. All interests in income and principal are irrevocably dedicated. While similar to an endowment, it is created as a freestanding entity by the donor and the College has no control over or obligations for the administration of such a trust.

Life Insurance

In keeping with the College's policy on solicitation of donors by those outside the Office of Alumni, Communications and Philanthropy, the College will not use third parties, such as insurance agents or financial planners, to solicit insurance-related agreements. While the College will not direct its donors to work with such agents or advisors, the Office for Alumni, Communications and Philanthropy will cooperate with the efforts of such professionals at the request of the donor and provided that the relationship of the agent or planner is with the donor and not the College.

For a life insurance policy to be acceptable to the College as a gift, the following criteria must be met:

1. The College must be irrevocably designated owner and beneficiary of the policy.
2. Term policies are not acceptable as gifts.
3. The policy should insure only the life of the donor, the donor's spouse, or another person roughly the same age as the donor.
4. A donor may make Berea the owner and beneficiary of any paid-up whole or universal life insurance policy. If the policy is not paid up at the date of the gift, however, the following criteria must be met:
    a. The policy must be whole life or universal.
    b. The College reserves the right to decline ownership if the face value of the policy does not justify the anticipated cost of administration.
    c. The donor must agree in writing to make the remaining premium payments to the College.

Premium payments made by the donor shall be recorded by the College as outright gifts.

Limited Partnerships, Mortgages and Notes, Patents and Copyrights

Acceptance of these types of gifts requires prior approval by the Gift Acceptance Committee and will be determined on a case-by-case basis. Those gifts that can be assigned a fair market value will be counted as such.

Non-Government Grants and Contracts

Grant income from private, non-government (domestic) sources, or foreign governments will be reported as gift income. Contract revenue will be excluded.

Gift-in-Kind Supporting an Event

The donor must provide receipts for expenses s/he has incurred in support of College fundraising events. These are recorded and credited to the donor at fair market value.

Goods contributed for the purpose of being sold or auctioned at an event are credited to the donor at the amount for which the item is sold, up to the fair market value of the item, in compliance with IRS regulations. The donor will also provide receipts for items purchased and donated.

Donor Sponsored Events

So long as no goods or services are received by the donor in exchange for the gift, a donor may receive gift credit for sponsoring an event for the College in one of two ways:

1. The College pay all costs associated with the event for which the donor wishes to obtain gift credit. The donor then makes an outright gift equal to the costs of the event and states that the purpose of the gift is to support the costs of the event.
2. The donor provides receipts to the College after paying for an event and a gift-in-kind receipt is issued to the donor for the total amount of the receipts.

APPENDICES

Fundraising Policy for On-Campus Groups

Introduction

In an attempt to ensure the success of fundraising on behalf of Berea College and to avoid duplication of efforts that could adversely affect a major gift solicitation, all fundraising activities directed toward private individuals and/or businesses, as explained below, must be coordinated by the Vice President for Alumni, Communications and Philanthropy and approved by Administrative Committee (AC). Fundraising should fit within the Strategic Plan/Master Plan of Berea College.

Policy

The Office of Alumni, Communications and Philanthropy conducts annual gift solicitations on a campus-wide basis to benefit the entire campus community. Other formal individual efforts shall be coordinated with these activities in mind.

Fundraising activities must be approved by the Administrative Committee even when those activities are conducted by other offices. Mail solicitations, including those directed to alumni, must be approved by the AC. No groups or individuals shall solicit local or nationwide businesses/individuals without permission from the AC.

This policy does not preclude any individual/department from accepting unsolicited gifts-in-kind on behalf of Berea College, provided that acceptance of such gift(s) will not disrupt the campus in any way or result in a financial and/or special hardship to Berea College. Such gift(s) shall be accepted in consultation with the Vice President for Alumni, Communications and Philanthropy and the vice president of the division making the request. Monetary gifts, even when given to support specific needs, are to be directed to the Vice President for Alumni, Communications and Philanthropy.

Procedure

Individuals and/or departments who wish to raise funds must complete a Fundraising Approval Form (follows), available in the Office of the Vice President for Alumni, Communications and Philanthropy. The supervisor and vice president of the division seeking approval must sign the form prior to submission to the Vice President for Alumni, Communications and Philanthropy. The Vice President will bring to the Administrative Committee for approval.

Any fundraising proceeds must be directed to the Office of the Vice President for Alumni, Communications and Philanthropy so that accounting, recording, and acknowledgement can be completed. Any questions about fundraising or the acceptance of unsolicited gifts should be directed to the Vice President for Alumni, Communications and Philanthropy.

Fundraising Approval Form

Name(s)____

Department____ Date___/___/___

1. Describe fundraising activity.
2. Date(s) of solicitation. (___/___/___) to (___/___/___)
3. What will funds raised be used for? ____
4. Approximate amount expected to be raised? ($)
    5. Will local businesses be solicited? Yes___ No___ If yes, please identify.

____

____

    6. Are significant individual gifts ($100+) anticipated?
    7. Expenses expected to be incurred (if any). ($)
    8. Do you wish to have corporate sponsorship? If yes, list below.

____

____

Approved by:

____

Supervisor Date

____

Vice President of Division Date

____

Vice President for Alumni, Communications and Philanthropy Date

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.

CASE Statement of Ethics

Institutional advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities, and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct. In so doing, they promote the merits of their institutions, and of education generally, without disparaging other colleges and schools.

Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others.

They respect all individuals without regard to race, color, sex, sexual orientation, marital status, creed, ethnic or national identity, handicap, or age.

They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others.

They safeguard privacy rights and confidential information.

They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated.

They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities.

They follow the letter and spirit of laws and regulations affecting institutional advancement.

They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

The CASE Board of Trustees adopted this Statement of Ethics to guide and reinforce our professional conduct in all areas of institutional advancement. The statement is also intended to stimulate awareness and discussion of ethical issues that may arise in our professional activities. The Board adopted the final text in Toronto on July 11, 1982, after a year of deliberation by national and district leaders and by countless volunteers throughout the membership.

Exceptions to the Unrestricted Bequests Policy

The Board of Trustees has, as a matter of long-standing policy, provided that unrestricted bequests are to be added to the College's quasi-endowment to support the College's general operating and capital budgets and are not used to support particular projects and/or college-related initiatives. This policy concerning unrestricted bequests was established in 1920 (the "Policy") and exceptions have been made sparingly by the Board over the years.

In view of the critical importance of the College's endowment funds in supporting Berea's unique mission, the Board affirms the Policy and its continuing application to unrestricted bequests. While exigent circumstances or unusual opportunities may, on occasion, argue for exceptions to the Policy, such exceptions may only be authorized by the Board in accord with this statement of policy.

In order to secure an exception to the Policy, the President and the Vice President for Finance together must present to the Finance Committee of the Board of Trustees a rationale for designating unrestricted bequest dollars as endowment designated for the support of specifically identified programs or unfunded campaign initiatives. The Finance Committee and the Board of Trustees has the responsibility to determine whether the importance of providing restricted endowment support for a particular program or project clearly outweighs the continuing need to provide unrestricted support for the College's entire operating and capital budgets.

The following factors and any other relevant concerns are to be addressed, as appropriate, by the College administration and considered by the Finance Committee and the Board of Trustees in requesting and approving exceptions to the Policy for the use of unrestricted bequests in support of specific programs or projects:

- The College administration has determined that the proposed designation of funds is not inconsistent with the donor's will or any of written statements of the donor that are known to the College

- The President and the Administrative Committee of the College have recommended the proposed designation of bequest funds.

- The goals of the College for raising unrestricted funds have been met for the most recently completed fiscal year.

- The performance of the endowment funds of the College have met or exceeded the investment objectives established in the College's Investment Policy for the most recently completed fiscal year and calendar quarter.

- The College's financial ratios for the most recently completed fiscal year and calendar quarter are within the acceptable parameters established by Board policy.

- The extent to which the program or project is considered to be critical to the operation of the College.

- The program or project has been approved and given a high priority by the Administration and the Board.

- The program or project cannot be fully funded within the College's existing operating or capital budgets, as applicable.

- Existing efforts to raise specific funds for the program or project have been unsuccessful.

- The opportunity to leverage funds in terms of matching gifts, for example, is clear and imminent.

- A major initiative of the College is under-funded and cannot proceed or be fully implemented without additional endowed support. Such circumstances might occur at the conclusion of a comprehensive campaign when an overall goal for a campaign is met but particular strategic initiatives identified by the Board of Trustees are not fully funded by new gift dollars.