

GIFT ACCEPTANCE POLICIES
Southern California College of Optometry
Effective: June 29, 2009

The Southern California College of Optometry, a nonprofit organization headquartered in Fullerton, California, encourages the solicitation and acceptance of gifts to the Southern California College of Optometry (hereinafter referred to as the College) for purposes that will help the College further and fulfill its mission to provide the highest quality optometric education through excellence in teaching, patient care, research, public service and institutional management. The following policies and guidelines govern acceptance of gifts made to the College or for the benefit of any of its endowment or any of its programs.

I. Purpose of Policies and Procedures

The purpose of this document is to set forth the criteria that the College and its Gift Exceptions Committee use to determine that a proposed gift is acceptable and to inform prospective donors and their advisors of the types of gifts the College accepts. While these guidelines establish best practices, they are designed to provide flexibility as directed by the Gift Exceptions Committee.

II. Use of Legal Counsel

The College seeks the advice of outside legal counsel as appropriate on matters relating to acceptance of gifts. Review by legal counsel is usually sought in connection with:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements
- b. Documents naming the College as Trustee
- c. Gifts involving contracts, such as bargain sales or other documents requiring the College to assume a legal obligation
- d. Gifts of patents and intellectual property
- e. Transactions with potential conflict of interest that may invoke IRS sanctions
- f. Other instances in which use of counsel is deemed appropriate by the College's Board of Trustees or Gift Exceptions Committee.

III. Communications with Donors

The College holds all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor or a prospective donor will be granted only if permission is first obtained from the donor. While complete anonymity for donors is impossible, the College will do all it can to maximize protection for the identity of the donor when anonymity is requested.

IV. Conflict of Interest

The College does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The College endorses the Model Standards of Practice of the Charitable Gift Planner promulgated by the National Committee on Planned Giving (attached as Appendix A) and the Donor Bill of Rights promulgated by the Association of Fundraising Professionals (attached as Appendix B).

V. Restrictions on Gifts

Unrestricted gifts and gifts for specific programs and purposes may be accepted, provided they are consistent with the College's mission, purposes and priorities. All accepted gifts will be in compliance with local, state and federal laws.

Substantial gifts (\$100,000 plus) for permanently restricted endowment purposes may be accepted only if the donor who establishes the endowment provides written permission for the College to allocate the income from these funds to purposes as near as possible to the original intent of the donor, should the purpose for which the funds were provided cease to exist. To assure continuity and integrity of gifts, all endowed gift agreements will contain language similar to:

“[Donor] gives the president and trustees of the Southern California College of Optometry authority to determine how the income from [donor's gift] shall be spent should funds for [restricted purpose] no longer be necessary or appropriate.”

The College will not accept gifts that are inconsistent with its mission, purposes or priorities or are judged too difficult to administer.

VI. The Gift Exceptions Committee of the College

The Gift Exceptions Committee will review all non-marketable and real estate gifts to the College and those gifts referred to it by the Vice President of Advancement or Director of Development. The Gift Exceptions Committee consists of the following individuals: the College President, the Vice President of Advancement, the Chief Financial Officer and the Chair of the Trustees' Advancement Committee. The Chair of the Trustee's Advancement Committee submits the Gift Exceptions Committee's recommendation to the Executive Committee of the Board of Trustees for final approval. The Gift Exceptions Committee is also responsible for reviewing these Policies and Procedures at least annually or more often as needed to ensure that they remain consistent with applicable laws and the programs of the College.

VII. Types of Gifts

A. The following gifts may be considered for acceptance by the College:

1. Cash
2. Tangible personal property, including in-kind gifts
3. Securities
4. Real estate
5. Remainder interests in property
6. Oil, gas, and mineral interests
7. Bargain sales
8. Charitable gift annuities
9. Charitable remainder trusts
10. Charitable lead trusts
11. Retirement plan beneficiary designations
12. Bequests
13. Life insurance beneficiary designations
14. Pooled Income Funds

B. The following criteria apply to the acceptance of gifts in these categories.

1. Cash: Cash may be accepted in any negotiable form, regardless of amount, unless, as with any gift, there is a question as to whether the donor has sufficient title to the assets or is mentally competent to legally transfer the funds. Checks must be made payable to SCCO and should be delivered to the Advancement department in the College's administrative offices.

2. Tangible Personal Property: The College will accept tangible personal property gifts valued at \$10,000 or greater if the gift will generate adequate revenue for the organization, and meet the purposes for which the gift is intended. In assessing the appropriateness of the gift, the College should address the following questions:

- Is the property marketable? What is the market for and costs of transportation to market and sale?
- Are there any undue restrictions on the use, display, or sale of the property?
- Are there any carrying costs (insurance, storage, ongoing maintenance) for the property?
- Does the property fulfill the mission of the College (related use)? If clinical equipment, has the appropriate SCCO expert, e.g., clinical director or department chair, been consulted as to program functionality?

3. Securities: the College can accept both publicly traded securities and closely held securities.

Publicly Traded Securities: Marketable securities will be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities will be sold upon receipt unless otherwise directed by the Finance Committee of the College. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities may be made by the Gift Exceptions Committee of the College.

Options and Other Rights in Securities: The following questions apply to acceptance of warrants, stock options and stock appreciation rights:

- Is the College required to advance funds upon exercise of the gift? If so, does the College have the required funds?
- Is the College at risk of loss of funds in accepting the gift?
- Are the rights restricted? And if so, does the restriction affect the ability of the College to dispose of the asset? Does the restriction materially impact the value of the gift to the College?
- Will acceptance of the gift and/or exercise of the option trigger any tax consequences to the donor?

Closely Held Securities: Proposed gifts of closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs and LLCs or other ownership forms, will be reviewed by addressing the following questions:

- What type of entity is represented by the gift? (For example, C Corporation, S Corporation, LLC, LLP)
- Will the security generate unrelated business taxable income to the College? If so, does the College have the funds to pay this tax?

- Will the gift trigger any negative tax consequences to the donor? If the donor is unsure, please advise them to talk with their accountant.
- Are there restrictions on the security that would prevent the College from ultimately converting those assets to cash?
- How does the company operate? Does its operation or the gift interest create liability for the College?
- Is the security marketable? If so, what is the market for sale, and estimated time required for sale?

If potential problems arise on initial review of the security, further review and recommendations may be sought from an outside professional before making a decision whether to accept the gift. Every effort will be made to sell non-marketable securities expeditiously unless otherwise requested by the donor and on the advice of the Finance Committee of the Board of Trustees.

4. Real Estate: the College will consider real property gifts with a market value of \$50,000 or greater, substantiated by a qualified appraisal. Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the College requires an initial environmental review of the property to ensure that the property is free of environmental damage. In the event that the initial inspection reveals a potential problem, the College may retain a qualified inspection firm to conduct an environmental audit. The prospective donor must bear the cost of the initial environmental review and any subsequent environmental audit. When appropriate, a title binder shall be obtained by the College prior to the acceptance of the real property gift. The cost of the title binder will be borne by the donor. The following criteria applies to gifts of real estate:

- Is the property useful for the purposes of the College?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property, such as lack of oil, gas, and mineral rights?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the audit reflect that the property is free of environmental damage?

5. Remainder Interests In Property: the College may accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph (4). At the death of the life tenants, the College may use the property or reduce it to cash. Where the College receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness will be paid by the donor and/or primary beneficiary.

6. Oil, Gas, and Mineral Interests: the College may accept oil, gas, or mineral interests, when appropriate. In accepting oil, gas or mineral interests, the College will determine whether the following criteria have been met:

- Gifts of surface rights should have a value of \$20,000 or greater.
- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years prior to the gift).
- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate.
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences.

- The property must undergo an environmental review to ensure that the College has no current or potential exposure to environmental liability. The cost of the environmental review must be borne by the donor.

7. Bargain Sales: the College may enter into a bargain sale arrangement in instances where the bargain sale furthers the mission and purposes of the College. All bargain sales must be reviewed and recommended by the Gift Exceptions Committee of the College. In determining the appropriateness of the transaction, the College will consider whether:

- The value of the property has been substantiated by an independent appraisal.
- Any debt ratio assumed with the property is less than 50% of the appraised market value.
- The College will use the property, or there is a market for sale of the property allowing sale within 12 months of receipt.
- The costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period have been determined

8. Charitable Gift Annuities: the College offers both current and deferred charitable gift annuities to its donors. The minimum funding amount is \$100,000. The College adheres to the rates set by the American Council on Gift Annuities. The minimum age for current life income beneficiaries of a gift annuity shall be 60 and the minimum age for a deferred charitable gift annuity is age 55. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The College will accept only cash or marketable securities for current annuities, and will consider real estate or closely held stock for deferred gift annuities with a deferral period of five years or more, with the approval of the Gift Exceptions Committee.

9. Charitable Remainder Trusts: the College encourages its donors to name the organization as a remainder beneficiary of a charitable remainder trust and will work with its donors to structure such agreements. The College encourages the donor to use a professional fiduciary, but will serve as a trustee of a charitable remainder trust under the following conditions:

- 1) The College is the sole, irrevocable beneficiary of the charitable remainder trust, or is the irrevocable beneficiary of 50% or more of the remainder and
- 2) Minimum non-charitable ages, the maximum number of lives, and the maximum distribution amounts are set in the document, to be determined by the Exceptions Committee.

10. Charitable Lead Trusts: the College may accept a designation as income beneficiary of a charitable lead trust. The College will not accept an appointment as Trustee of a charitable lead trust.

11. Retirement Plan Beneficiary Designations: Donors and supporters of the College will be encouraged to name the College as beneficiary of their retirement plans. Such designations will be recorded as gifts to the College when the gift becomes irrevocable.

12. Bequests: Donors and supporters of the College will be encouraged to make bequests to the College under their wills and trusts. Such bequests will be recorded as gifts to the College when the gift becomes irrevocable.

13. Life Insurance Beneficiary Designations: Donors and supporters of the College will be encouraged to name the College as beneficiary or contingent beneficiary of their life insurance policies. Such designations will be recorded as gifts to the College when the gift becomes irrevocable.

14. Pooled Income Funds: The College will provide all appropriate disclosures as required by the Philanthropy Protection Act of 1995 for gifts contributed to pooled funds. The minimum gift to a pooled fund is \$5000 with a minimum age of 60 for the beneficiary.

VIII. Miscellaneous

A. *Securing appraisals and legal fees for gifts to the College*: It will be the responsibility of the donor to secure an appraisal (where required) and the advice of independent legal, financial or other professional advisers as needed for all gifts made to the College. The Appraiser is required to complete IRS form 8283 certifying to the accuracy of the appraisal.

B. *Valuation of gifts for development purposes*:

The College will record a gift received by the College at its valuation for gift purposes, on the date of gift.

The value of a gift of publicly traded securities will be the mean (average) of the high and low of the price of the stock(s) or bond(s) on the day the transfer is completed by the donor to the College.

The College will provide, for individual charitable contributions of \$250 or more, with no quid pro quo attached (meaning the donor received no goods or services in return, e.g. a banquet meal), a signed written receipt or acknowledgement letter or both containing: the name of the donor, the address of the donor, the amount of the gift; if other than cash, such as securities, tangible property, etc. the nature of the gift, the date of contribution, and a statement that the donor "received nothing of value in return for this contribution".

C. *Responsibility for IRS Filings upon sale of gift items*: The Controller's office is responsible for filing IRS Form 8282 upon the sale or disposition of any non-marketable asset sold within three years of receipt by the College when the charitable deduction value of the item is more than \$5,000. The College must file this form within 125 days of the date of sale or disposition of the asset.

D. *Named Gifts*: Naming a room, building, a classroom chair or an endowment allows a donor to leave a legacy through recognition of their generosity. Opportunities and recognition are based on a variety of factors, such as cost of construction for square footage and operating expense for endowments.

Buildings: At least 25% of a donor's pledge, in liquid assets, must be received by the College, along with a written agreement for the remainder to be gifted within five years, prior to the donor's name being affixed to any portion of a College building. In the event of a donor's malfeasance creating possible damage to its public image, the College retains the right to remove the donor's name from the building, with the Exceptions Committee initiating the process.

Endowments: Payment for a fully endowed gift is to be wholly contributed by the donor(s). An endowment gift may be made in several installments over a period of up to five years. For scholarships and endowed chairs, the College will determine if a small award may be given in each of the first three years after being fully endowed.

E. *Solicitation of gifts*: The Office of Advancement will periodically monitor its compliance with state charitable solicitation laws. Annual filing of the IRS Form 990 will be made in the states for which the College is not exempt.

F. *Acknowledgement of all gifts made to the College and compliance with the current IRS requirements in acknowledgement of such gifts is the responsibility of the Vice President of Advancement or his/her designee*. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions provide excellent guidance and can be downloaded from www.irs.gov

Policy Adoption

The Board of Trustees, at the recommendation of the Advancement Committee of the Board, shall adopt, implement and periodically evaluate this policy.

APPENDIX A MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

PREAMBLE The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. PRIMACY OF PHILANTHROPIC MOTIVATION The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. EXPLANATION OF TAX IMPLICATIONS Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. FULL DISCLOSURE It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. COMPENSATION Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. COMPETENCE AND PROFESSIONALISM The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. CONSULTATION WITH INDEPENDENT ADVISORS A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

VII. CONSULTATION WITH CHARITIES Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. DESCRIPTION AND REPRESENTATION OF GIFT The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. FULL COMPLIANCE A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. PUBLIC TRUST Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

APPENDIX B

The Donor Bill of Rights was created by the American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), the Association of Fundraising Professionals (AFP), and the Council for Advancement and Support of Education (CASE). It has been endorsed by numerous organizations.

The 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 ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. 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.
- II. 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.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.