



**WASHBURN UNIVERSITY ALUMNI
ASSOCIATION AND FOUNDATION**

**STATEMENT OF
GIFT POLICY AND GUIDELINES**

WASHBURN UNIVERSITY ALUMNI ASSOCIATION AND FOUNDATION

Gift Planning Policies and Guidelines

Introduction

Gifts from alumni and friends create extraordinary opportunities for learning, teaching, and outreach at Washburn University. Private giving is the key to sustaining a great public University in the future.

Washburn University alumni and friends have shown their commitment and passion for the institution through their gifts over the years. It is awesome to realize WU is ranked in the top 50 public universities for endowment per student. Thanks to the generosity of alumni and friends, total endowment funds exceed \$100 million.

The Washburn University Alumni Association and Foundation (the Foundation) is the official fund-raising and gift-receiving organization for Washburn University. The Foundation engages those who care about the University and provides giving opportunities to enhance the university's learning experiences and programs. The Foundation is committed to providing ethical and prudent management and stewardship of the gifts it receives.

By offering a myriad of gift options, the Foundation seeks to enable a broader group of supporters to make significant gifts to WU, either during their lifetime or as part of an estate plan. While these gifts often enable donors to accomplish both financial and philanthropic goals, the Foundation seeks to encourage gifts that have philanthropic motivation. Donors should be reminded that neither WU nor the Foundation is a financial institution offering commercial investment vehicles.

These policies and guidelines set forth select criteria and processes by which proposed gifts will be considered for acceptance by the Foundation. The Foundation reserves the right to decline any gift that does not provide sufficient financial benefit to WU, that puts the assets or reputation of WU or the Foundation at risk, or that is prohibited by law. The policies and guidelines set forth herein are intended to provide general statements for educational and instructional purposes. The Foundation may supplement, modify or eliminate any stated policy or guideline, at any time.

WU and the Foundation provide a constituency-based fund raising program wherein donors may dedicate their gifts to areas or units of WU that they most wish to support. Donors may also dedicate their gifts be unrestricted and deposited in the Washburn Fund. Any dedication or restriction in the uses or purposes of a gift may be placed on the gift at the time it is established, or the donor can reserve the right to designate the gift purpose under their will. A Memorandum of Understanding (MOU) and/or a Pledge is an agreement between the donor and the Foundation and either or both may be executed to establish the intended gift use and purposes. The Foundation reserves the right to broaden the use or purpose of a gift should it be determined by the Foundation Board of Trustees at some future date that the purpose for the gift no longer best serves the educational mission of WU, but as closely as possible will resemble the original intent of the donor.

Gift Policies

1. The Foundation President and other officers of the Foundation, as designated by the Foundation President, are authorized to negotiate and enter into agreements on behalf of WU with donors in accordance with the policies and guidelines addressed herein.
2. The Foundation shall inform, serve, and otherwise assist donors who wish to support the mission of WU, free of undue pressure or persuasion. The Foundation subscribes to the Model Standards of Practice for the Charitable Gift Planner/AFP Code of Ethical Principles and Standards of Professional Practice/ and the Donor Bill of Rights. (See Appendix A).
3. The Foundation is the preferred named beneficiary to receive gifts on behalf of WU under the Foundation tax identification number 48-6105561.
4. The Foundation Board of Trustees shall adopt, amend and revise these policies and guidelines, from time to time. Oversight of these policies is the responsibility of the Foundation Board of Trustees Development Committee.
5. Recommendations for exceptions to policies and guidelines shall be reviewed by the Foundation Board of Trustees Executive Committee upon recommendation by the Gift Acceptance Committee (GAC.) The GAC shall conduct its review processes in accordance with then applicable policies and guidelines. The GAC shall be comprised of at least three members of the Executive Committee: Chair of the Development Committee, or designee; Chair of the Finance Committee, or designee; and Vice Chair of the Board of Trustees, or designee to act as Chair. This GAC shall be advisory to the Executive Committee.
6. All gifts of assets which are not readily marketable (*i.e.* real estate, tangible personal property, stock of a closely held company, interests in partnerships or limited liability companies) shall be reviewed on a case-by-case basis and may be referred to the Foundation Gift Acceptance Committee (GAC) prior to acceptance by the Foundation.
7. The Foundation will follow the national standards for gift valuation as published by the Council for Advancement and Support of Education (CASE). Only gifts and pledges with written documentation will be recorded and/or counted.
8. Gifts restricted by the donor to be held or used by Washburn University or to be placed on the University's campus or to be used for University programs shall require written approval of the University.
9. All outright gifts not covered by number 6 above do not require prior approval of the GAC.
10. The Foundation shall not give legal or tax advice to its donors. It shall be the responsibility of the donor and the donor's advisors to establish the date and value of specific assets. Information provided by the Foundation is provided as a courtesy to the donor and should not be relied upon for tax compliance and reporting.
11. The Foundation shall recommend to prospective donors to have their gift proposals reviewed by their independent legal and tax advisor.

12. The Foundation shall exercise good judgment and prudence in seeking the advice and counsel of its legal advisors in gift transactions when deemed appropriate for gifts requiring documentation or having legal significance.
13. A donor establishing a charitable trust has the discretion to choose the trustee of the trust. Independent legal counsel is recommended. The trustee may be the donor, the Foundation, or other professional trustee. For all charitable trusts where the Foundation is serving as trustee, the following shall apply:
 - The Foundation shall have a vested and irrevocable remainder interest.
 - The Foundation may utilize the services of an investment advisor and a trust administrator to assist with the management of the trust.
14. The Foundation shall not serve as a trustee of a revocable trust or a non-charitable trust or as a personal representative for an estate.
15. Donors may name an endowment with a minimum gift of \$25,000 (or current established minimum gift amount) which may be given over up to five years. (see Appendix B) Endowment funds are permanently set aside (endowed) for investment. The principal is held and only computed earnings from the fund are distributed to WU for donor-specified and University-accepted purposes.
16. Donors may dedicate gifts to units of WU or areas they most wish to support. Donors may also choose to make their gifts unrestricted or designated for current use (i.e. spent currently such as in campaigns or projects) or for endowment purposes.
17. Naming opportunities are available on specific capital projects and will be established with the planning of each project. The Foundation adheres to the guidelines established by the Washburn University Board of Regents for the naming and/or renaming of facilities at Washburn University. (see Appendix C)

Guidelines for Giving

I. Outright Gifts

1. Cash, checks and publicly traded securities and bonds

Gifts of cash, check or publicly traded securities do not require prior approval. Make payable or transferred to the Foundation.

2. Gifts of Real Property

A. Description

Gifts of real property may be made in various ways: outright (either as an inter vivos transfer or as a testamentary transfer), or through a charitable trust, retained life estate, or bargain sale. These guidelines pertain to gifts of real property in general; consult the guidelines below for guidance pertaining to a specific form of planned gift.

B. Guidelines

- 1) The donor will secure a qualified appraisal of the property and provide the Foundation with a copy of the appraisal. The Foundation reserves the right to obtain an independent appraisal at the Foundation expense and/or to refer the gift to the Gift Acceptance Committee (GAC) for approval.
- 2) The Foundation will undertake the following “due diligence” steps prior to accepting a gift of real property (in addition to reviewing the appraisal provided by the donor):
 - personal inspection by staff, the Foundation agent, and/or the Foundation volunteer
 - title search
 - may also obtain or require a Phase One or Phase Two American Society Testing Materials transaction screen for real property if need is indicated.
 - market assessment by at least two knowledgeable brokers
 - address liquidity issues as it pertains to the ongoing expenses and maintenance of the property until sold
 - completed real estate checklist with information provided by the donor, including detailed financial information on the property if income producing
- 3) The Foundation may accept an outright gift of real property subject to a mortgage provided the property has sufficient equity, adequate cash flow to service the mortgage, and the property is marketable. Gifts of real property subject to a mortgage generally cannot be made to a charitable trust or in return for a gift annuity contract.
- 4) Gifts of real property into a charitable remainder trust will ordinarily be accomplished by using a “Flip” charitable remainder unitrust (CRUT.) Each proposed gift into a Flip CRUT will be analyzed to determine whether the donor or the Foundation should serve as the initial trustee. Donors will be encouraged to serve as initial trustee, where they have unique knowledge of the marketability of the real property to be gifted or the real property to be gifted is in a location where administration by the Foundation is compromised. In this situation, the Foundation may be named as the successor trustee of the Flip CRUT once the gifted real property has sold and the trust has “flipped” to become a standard charitable remainder unitrust (SCRUT.) Acceptance of the role of successor trustee at the time the Foundation is called upon to act is subject to approval of the GAC.

3. Gifts of Closely Held Stock and Other Business Interests

A. Description

Donors may make gifts of closely held stock, limited partnership and limited liability company interests, and other qualified business interests. These can be accepted by the Foundation so long as the Foundation assumes no liability in receiving them and the interests can be liquidated or sold within a reasonable period of time.

B. Guidelines

Gifts of closely held stock and other business interests will be considered on a case-by-case basis.

4. In-Kind Gifts

A. Description

Personal property, such as cars, art, antiques, books, and collections will be reviewed on a case-by-case basis.

B. Guidelines

- 1) Approval from WU is to be obtained for items to be used by the University.
- 2) Donors may wish to have an outside appraisal for valuation purposes of gifts over \$5000 (or the current amount requiring an appraisal for IRS reporting.)

5. Donor Advised Funds (Washburn Gift Funds)

A. Description

A Washburn Gift Fund is similar to a private/family foundation; however, establishment of a Washburn Gift Fund eliminates many of the burdens associated with a private foundation such as excise taxes, certain administrative costs, and extensive public and legal filings. The donor (individual, corporation, trust, etc) establishes a fund with the Foundation from which future grants will be made to WU and/or the Foundation. Favorable tax treatment occurs because by the donor transferring the asset(s) to the Fund, the Foundation becomes the exclusive owner, representing a gift during the year of establishment. The donor may advise the Foundation regarding future grants. A Washburn Gift Fund can be funded with, among other assets, cash, publicly traded or privately held stock and, under appropriate circumstances, real estate.

B. Policies

- 1) *Pledge Payments*: In accordance with applicable law, a Washburn Gift Fund cannot be used to satisfy, in whole or part, a pledge made either before or after the Fund has been established.
- 2) *Mission Restrictions*: the Foundation reserves the right to decline to make any grant that would put the reputation of WU or the Foundation at risk, or that is prohibited by law.
- 3) *Grants*: Grants will be made to Washburn University or the Foundation as requested by the donor.

C. Guidelines

- 1) *Types of Washburn Gift Funds Offered*: the Foundation offers both pass-through and endowment type Funds. A pass-through provides current gift funds for the Foundation and WU.
- 2) *Minimum Initial Funding Requirements*: The suggested minimum initial contribution to create an endowment type or a pass-through type Washburn Gift Fund is \$100,000.
- 3) *Fees*: Fees for Washburn Gift Funds may be charged and will be reviewed

periodically.

4) *Maximum Term of the Fund:* The Fund can continue for the life of the donor (or “donors” in the case of a gift from a husband and wife) or their designee plus a maximum of 10 years. A third party representative of the donor must be designated to provide advice on gifts from the Fund if it is to continue after the donor’s death.

5) *Minimum Balance of the Fund:* Funds that fall below \$5000 may be terminated with the remaining amount distributed to the Washburn Fund or as designated in the MOU.

6) *Minimum Annual Grant Required:* The usual minimum annual grant requirement will be no less than 5%, unless arrangements are made with the donor or unless otherwise required under then applicable law. If the donor provides no advice as to grants, the 5% will be paid to the Washburn Fund or in accordance with the MOU.

7) *Minimum Size of Grants:* Each grant must be at least \$500 and may be requested at any time. Payments will be made twice yearly.

8) *Maximum Number of Grants Allowed From Each Fund Annually:* There is no limit to the number of grants that may be made from a fund in any given year, except as otherwise provided herein (minimum balance requirements, minimum grants to the Foundation, etc.).

9) *Grant at Termination of the Fund:* At termination the Gift Planning Office will refer to the MOU in determining the distribution of the remaining monies in the fund.

10) *Inactivity of the Fund:* If the fund has been inactive (donor or designated representative has provided no advice for grants) for a period of three (3) consecutive years, the fund will terminate in accordance with number 5 above.

11) *Additional Contributions to an Existing Endowment Type Fund:* Additions may be made at any time in any amount to an existing Fund.

12) *Investments of Funds:* Washburn Gift Funds will be invested and tracked in the same manner as the existing funds held by the Foundation.

13) *Type of Reporting to be Provided to Donors:* Donors will be provided with an annual report showing fund balance, calculated annual minimum grant amount (if any), account performance, and a schedule of grants made during the previous year.

14) *Grants from the Fund:* The use of grants made to WU or the Foundation can be determined at the time of the initial funding of the Fund through an MOU or at the time a grant is made to WU or the Foundation. Grant requests may be made at any time, but payments will be made twice yearly.

Deferred Gifts

1. Testamentary Gifts

A. Description

- 1.) A bequest is a gift made, at the time of a donor's death, to the Foundation under a will or living trust.
- 2.) Outright gifts at death may benefit the Foundation through pay on death (POD) designations of specific assets, including land.

B. Guidelines

- 1) The Foundation will not review or comment on wills or living trusts except to insure that the Foundation or WU is properly named in the instrument.
- 2) Sample bequest language for all forms of gifts to the Foundation will be made available to donors and their legal counsel to ensure that the Foundation is properly named, and the bequest properly designated.
- 3) The Foundation Director of Planned Giving (or designee), in consultation with the Foundation legal counsel, will represent the Foundation in all dealings pertaining to the bequest during probate of estates or post-death administration of living trusts.
- 4) The Foundation may be designated as beneficiary of a retirement plan asset, a certificate of deposit, or an insurance policy.

2. Charitable Gift Annuities

A. Description

- 1.) A charitable gift annuity is a contract between the Foundation and a donor, whereby the Foundation agrees to pay the donor (or other person named by the donor) an annual annuity in return for an outright gift of cash, marketable securities, or certain other property. The payment generally runs for the life of the donor, and may continue for the life of a second individual, such as a spouse.
- 2.) The annual payment is a fixed sum, the amount of which is based on the fair market value of the gifted property and the number and ages of the income beneficiaries. Rates of return on a charitable gift annuity are lower than the rates offered by commercial insurance companies because of the charitable aspect of the transaction.

B. Guidelines

- 1) The Foundation may offer current, deferred, and flexible deferred charitable gift annuity contracts.
- 2) The residual values of charitable gift annuities can be used to create a new fund or provide supplemental funding to an existing fund upon the death of all annuitants.
- 3) Charitable gift annuities to establish a new endowed fund require contributions of \$50,000 or more. For charitable gift annuities used for supplementing existing funds or creating expendable funds, contributions of \$25,000 or more are allowed.
- 4) A charitable gift annuity will have an annuity rate no higher than the rate suggested by the American Council of Gift Annuities at the time the gift is made. The ACGA rates are designed to balance the income interest of the donor with the remainder interest of the Foundation. If a lower rate is offered to a donor, the ACGA rate will also be disclosed.
- 5) Charitable gift annuity agreements will be limited to two (2) lives.
- 6) Income payments from a charitable gift annuity may be made quarterly, semi-annually, or annually at the discretion of the donor.

3. Charitable Remainder Trusts

A. Description

A charitable remainder trust (CRT) is a separately-administered trust established by the donor. It provides for payments to the donor, or other named beneficiary, either for life or a term of years (subject to current IRS guidelines). At the end of the trust term, the remaining assets (“remainder”) are distributed to the Foundation. Generally, CRTs are established with a gift of \$100,000 or greater.

- 1) A charitable remainder annuity trust (CRAT) pays a fixed amount for the entire trust term based on the fixed percentage (at least 5%, or said percentage under IRS guidelines) of the fair market value of the assets on the date of contribution to the trust. The annuity amount does not change, and no additional gifts can be made to the CRAT.
- 2) A charitable remainder unitrust (CRUT) pays to the donor a fixed percentage (at least 5%) of the fair market value of trust assets, valued annually. Because the value of assets in the CRUT can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made by the donor to the CRUT after it is established.

Four different types of CRUTs are available:

- A “standard” or “straight” unitrust (SCRUT) which pays a fixed percentage of the value of the trust assets each year, even if it is necessary to invade trust principal to do so.
- A “net income” unitrust (NICRUT) which pays the lesser of the fixed percentage or the actual trust income, so trust principal would never be invaded.
- A “net-income with make-up” unitrust (NIMCRUT) is like the NICRUT except that earnings in excess of the fixed percentage in any given year can be applied to make-up any shortfalls in prior years where the income was less than the fixed percentage.
- A flip unitrust (Flip CRUT) begins as either a NICRUT or NIMCRUT and then converts (“flips”) to a SCRUT at some point in the future, typically after the gifted asset has been sold. This type of unitrust is recommended when the asset used to fund the trust is not readily marketable or income producing.

B. Guidelines

- 1) The Foundation cannot serve as trustee of a CRT unless it has been designated as an irrevocable remainder beneficiary. For CRTs where the Foundation is to serve as trustee, the Foundation must be entitled to at least 50% of the remainder interest. In certain circumstances, the Foundation may agree to serve as an agent of the donor for asset management and trust administration purposes. In such case, the Foundation must normally be given the authority in the trust document to make all investment and administrative decisions.
- 2) In consideration of the Foundation serving as trustee of a CRT, the Foundation will work with donors to structure CRT gifts which address the desires and wishes of the donors and is in the best interest of the Foundation and WU. In achieving this result, factors to be considered include the fair market value of the gifted property, the trust term, the desired payout rate to the donor, the expected trust horizon, investment considerations, market conditions, inflation, donative intent, affiliation and relationship donor has with the Foundation and University, and gift objectives.
- 3) Income payments from a CRT may be made quarterly, semi-annually, or annually at the discretion of the donor.

4. Life Insurance Gifts

A. Description

There are various methods by which a life insurance policy may be contributed to the Foundation. A donor may:

- irrevocably assign a “paid-up” policy to the Foundation;
- irrevocably assign a life insurance policy on which premiums remain to be paid; or
- name the Foundation as a primary or alternate beneficiary of the proceeds of any type of life insurance policy.

B. Guidelines

- 1) The donor is required to continue premium payments as they become due.
- 2) In the event a policy is contributed on which premiums remain unpaid, the Foundation may continue paying premiums, surrender the policy for its cash value, or elect a paid-up policy at a reduced death benefit.

5. Retained Life Estates

A. Description

An individual may transfer to the Foundation title to a personal residence or farm, subject to a reserved life estate in favor of the donor, giving donor(s) full use of, and rights in all income from, the property for donor’s lifetime. At the death of the donor the reserved life estate expires and the entire fee interest in the property vests in the name of the Foundation.

B. Guidelines

- 1) The donor continues to be responsible for real estate taxes, insurance, utilities, and maintenance of the property throughout the period in which the life estate remains in effect.
- 2.) Gift acceptance policies and guidelines for Gifts of Real Property should be followed as outlined above in Guidelines: I. 2. B.

III. Other Gifts

1. Charitable Lead Trusts

A. Description

A charitable lead trust (CLT) is a trust in which the income, or “lead interest”, is paid to the Foundation for a term of years, and the “remainder” interest is given to one or more non-charitable beneficiaries (*e.g.* the donor or family members). The amount paid to the Foundation may be either a fixed sum (an “annuity trust” interest) or a percentage of trust assets as valued each year (a “unitrust” interest).

B. Guidelines

- 1) A charitable lead trust where the Foundation is requested to serve as trustee can normally be established with a gift of \$100,000 or more.
- 2) The Foundation managed lead trusts will pay annually.

2. Bargain Sales

A. Description

A bargain sale is a sale of property to the Foundation for an amount less than the property’s current fair market value. The spread between the fair market value of the property over the sales price represents the gift element. The bargain sale price may be paid either in a lump sum or in installments.

B. Guidelines

Bargain sales require careful scrutiny by the Foundation since the Foundation resources are used to acquire the property. An independent appraisal, engaged by the Foundation to value the subject property, must be secured before submission to GAC for approval.

Appendix B

ENDOWED FUNDS

Unrestricted Funds: The most highly valued of all endowments. These unrestricted endowments can be used to meet any need for the University.

Restricted Funds: Endowments for some specific purpose are called restricted endowments. The institution over the years has identified a list of ideas that are commonly supported by friends and alumni. The amounts listed are established to create minimums for specific purposes. The list is by no means exhaustive and is presented as a minimum rule, not as a comprehensive rule. Details of these purposes are available from the Washburn University Foundation office.

Endowed Chair	\$1,000,000
Professorship	300,000
Lectureship series	300,000

There are a host of other ideas for which the minimum endowment of \$25,000 is sufficient.

- Departmental scholarships
- Freshman only scholarships
- Endowed program support funds
- Faculty development funds
- Award funds (University needs these to be easy to administer; not time consuming)
- Library funds
- Athletic Scholarships
- Memorial funds for any purpose
- Student activity funds

Appendix C

NAMING FACILITIES

New Construction and Major Renovation Projects:

The Foundation solicits and accepts funds for new and ongoing construction, renovation and maintenance projects. The Foundation adheres to the guidelines established by WU Board of Regents for the naming of facilities at Washburn University.

New construction and major renovations at Washburn University usually include some combination of private and public funds. Naming opportunities of facilities recognize donors contributing private support to construction and renovation projects. Gift levels for naming opportunities for projects will be established in conformance with the following guidelines:

- The initial amount for consideration of appropriate gift level for a naming opportunity is at least one-half of the private funds budgeted to be raised for the project.
- This initial amount may then be increased or decreased based upon the visibility and desirability of the element to be named.

NOTE: The practice of discounting naming opportunities in order to close current gifts should be avoided.