



## **GIFT ACCEPTANCE POLICY**

### **A) INTRODUCTION**

The University of Vermont and State Agricultural College Foundation, Inc. ("UVM Foundation") establishes this Gift Acceptance Policy ("Policy") to assure that all gifts to, or for the use of, UVM Foundation are structured to benefit UVM Foundation, for the ultimate benefit of The University of Vermont and State Agricultural College, Inc. (the "University"), while ensuring fidelity to donor intent. Because some gift situations may be complex, or more costly than beneficial, or restricted in a manner not keeping with UVM Foundation's goal of benefiting the University, this Policy has been developed to outline the procedures for assessing and accepting gifts to UVM Foundation for the University's benefit.

Overall responsibility for ensuring compliance with the requirements of this Policy is assigned to the UVM Foundation Board of Directors. The Board of Directors may delegate certain responsibilities relating to the recommendation of acceptance of gifts to the Finance and Investment Committee, the Gift Acceptance Committee or to UVM Foundation staff.

While the procedures set forth herein are detailed and often specific to the type of gift contemplated, they shall be interpreted in light of two overriding principles:

- Principle 1: UVM Foundation seeks to only accept those gifts that have a reasonable expectation of ultimately benefiting the University.
- Principle 2: UVM Foundation seeks to only accept gifts that are in the interest of the donor. An assessment of the donor's "interest" shall include the donor's financial situation, philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. UVM Foundation shall not encourage any gifts that are inappropriate in light of the donor's disclosed personal or financial situation.

While this document is intended to provide guidance to UVM Foundation personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial and estate planning goals. Therefore, donors are to be encouraged to seek the advice of independent legal and financial counsel in the gift planning process. UVM Foundation does not give legal, accounting, tax or investment advice to donors or prospective donors. Any references in this Policy to requirements of tax law are based on the law at the time this Policy is adopted and intended for internal purposes only.

## **B) DEFINITIONS AND CONSIDERATIONS FOR ACCEPTANCE**

The following definitions and considerations relate to the more common types of gifts UVM Foundation receives. It is understood that special gifts or circumstances may require a case-by-case review and may not be covered by this Policy.

### 1) Gifts, Grants, and Contracts

#### a) Gift

A gift is a transfer of cash, property or other assets by a donor, either outright or through a deferred gift vehicle, for the charitable purpose designated by the donor and without expectation of a tangible or direct economic benefit to the donor other than applicable tax benefits and/or life income in the case of deferred gifts. A gift implies no responsibility to provide the donor with any goods or services.

#### b) Contract

A contract is an agreement for goods or services provided by the University for the economic benefit of the funder in exchange for cash or other consideration. Contracts do not have philanthropic intent. UVM Foundation does not administer contracts for the University.

#### c) Grant

A grant is an agreement for the University to perform research, instruction, public service, or other services for the benefit of society (not for the economic benefit of the funder). Grants, under this definition, are philanthropic agreements. Nonetheless, the funder may have requirements as to scope, budget, personnel, reporting, or other matters, which might be best administered by the University Office of Sponsored Programs. The University and UVM Foundation will establish separate guidelines or policies to determine which philanthropic grants are administered by the University Office of Sponsored Programs or UVM Foundation.

### 2) Date of Contribution

Unless otherwise stated below, the date of contribution is when the asset is received by UVM Foundation (or by its authorized agent).

### 3) Valuation Methodology

Unless otherwise stated below, contributions are valued at their fair market value in accordance with IRS regulations and GAAP accounting standards. In general, non-cash contributions anticipated to exceed \$5,000 in value will be valued by an independent appraisal engaged by UVM

Foundation. Donors, if they so choose, are responsible for arranging independent appraisals for their own tax purposes.

4) Charitable Contribution Acknowledgement and Other Tax Requirements

On an annual basis in the month of January, UVM Foundation will provide donors with a written acknowledgement of their charitable contributions for tax purposes, listing each charitable contribution made in the previous calendar year. This acknowledgement will also indicate UVM Foundation's 501(c)(3) IRS status, along with any other disclosures required by the IRS. Throughout the remainder of the calendar year, and upon written request of the donor or its agent, UVM Foundation will provide this written acknowledgement to the donor as reasonably expeditiously as possible.

UVM Foundation will complete IRS Form 8283 relating to certain non-cash charitable contributions when requested by donors. If UVM Foundation sells or otherwise disposes contributions reported on IRS Form 8283 within three years of the date of contribution, then UVM Foundation will file an information return on IRS Form 8282 and send a copy to the donor.

In the case of a "quid pro quo contribution" within the meaning of IRC §6115, the charitable deduction represents the excess of the contribution amount over the value of the goods or services provided by UVM Foundation.

5) Outright Gifts

Outright gifts include: Cash and Cash Equivalents, Securities, Personal Property (including gifts in kind), and Real Property.

a) Cash and Cash Equivalents

Cash and cash equivalent gifts can take the form of currency, check, electronic funds transfer, money order, or credit card contribution.

For checks or cash delivered by the US Postal Service, the date of contribution is based on a USPS postmark date or date received, whichever is earlier. For electronic funds transfer, the date of contribution gift is the date received into UVM Foundation's bank account. For credit cards, the date of contribution is the date the credit card charges are submitted by UVM Foundation to the credit card processor.

b) Securities

Gifts of securities take the form of publicly traded securities (stocks, bonds and mutual funds), non-publicly traded (closely held) securities, or interests in existing business entities.

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Gifts of securities are valued at the average of the high and low price of the security as of the date of contribution. If the security is not traded on that date, the date of the most recent prior sale will be used for valuation. If there is no readily available market price, then a gift of securities will be valued in accordance with IRS regulations and GAAP accounting standards. Gifts of securities will be sold as reasonably expeditiously as possible upon receipt. Gains, losses, and fees will be assessed against gifts of securities valued at \$1 million or more, unless an exception is authorized by UVM Foundation's CEO. Gains, losses and fees will be absorbed by UVM Foundation for gifts of securities valued at less than \$1 million.

For book-held securities, the date of contribution is the date received in UVM Foundation's brokerage account. For physical certificates, the date of contribution is the latest date that all factors necessary for the transfer to be complete are received by UVM Foundation.

- i) **Publicly Traded Securities.** Publicly traded securities are those securities traded on any recognized stock exchange and are readily marketable.
  - ii) **Non-Publicly Traded (Closely Held) Securities.** Non-publicly traded securities are those securities not traded on any recognized stock exchange or securities that are not readily marketable. Considerations for acceptance include difficulty in valuing or selling the securities.
  - iii) **Interests in Business Entities.** Gifts of interests in business entities include equity positions in limited partnerships, corporations, limited liability companies, joint ventures, etc. Considerations for acceptance include: the probability of converting the interest to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, and the nature of the business from which the asset is derived. UVM Foundation's acceptance of interests in business entities must not expose UVM Foundation or the University to any liability associated with the business in which the interest is held, and UVM Foundation shall not accept, without first seeking Board approval, a gift making it a principal in a joint venture or other business activity in which it would participate in the operation of the business or venture, or would impose upon UVM Foundation any liability for the conduct of the business, or would require UVM Foundation to make capital contributions to the business or venture or assume or guarantee any debts of the business or venture.
- c) **Gifts of Personal Property**

Gifts of personal property include tangible personal property (such as works of art, manuscripts, literary works, vehicles, cryptocurrency, developed software, equipment, and livestock) and intangible personal property (such as intellectual properties such as patents, copyrights and software under development).

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- i) Gift of Personal Property to be Retained by University. Donors may make gifts of personal property to be retained or used for their useful life by University faculty, staff and/or students to support the mission of the University in the areas of teaching, research, creative endeavors, campus activities, outreach programs, or a combination thereof. It is the policy of UVM Foundation to transfer ownership to the University of all gifts of personal property to be retained by the University. Considerations for acceptance include: title to the gift of property shall be free of liens and encumbrances and properly documented; the use and need of the property is clearly documented and approved by the appropriate University unit, including costs to maintain, store, and dispose of the gift; and any expenses incurred in the delivery of the gift to University is paid by the donor or the University.
  - ii) Gifts of Personal Property to be Sold. Donors may make gifts of personal property to be sold, where proceeds net of costs to hold and sell the gift will be used for charitable purposes as agreed with the donor. Considerations for acceptance include: title to the gift of property shall be free of liens and encumbrances and properly documented; and there is a readily available market to sell the gift.
- d) Real Property

Real property includes improved or unimproved land, personal residences, farmland, commercial real property, rental real property, and mineral interests. In general, UVM Foundation's policy is to sell all gifts of real property as reasonably expeditiously as possible. If it is the intention of the donor that UVM Foundation not immediately dispose of real property, an agreement must be made in writing between UVM Foundation and the donor before such property may be accepted by UVM Foundation. Considerations for gifts of real property include:

- i) Market Value and Marketability. A current appraisal (not older than 60 days) of the fair market value of the property must be reviewed. The appraisal and other information must indicate clearly and convincingly that there is a market for the property and that the property can be sold within a reasonable period of time. A representative of UVM Foundation or its property management affiliates shall conduct a site visit of the property.
- ii) Potential Environmental Risks. All proposed gifts of real property, including gifts from estates, must be accompanied by an Environmental Questionnaire pertaining to the property that has been completed by the donor (and/or counsel or family members in case of an estate gift). In addition, a Phase 1 Environmental Site Assessment (ESA) by a qualified engineer indicating that ownership will not expose UVM Foundation to environmental liabilities is required, typically at the donor's expense. The ESA requirement may be waived for non-farm residential properties. The ESA must meet the then-current ASTM 1527 standard in effect.

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- iii) **Inspection.** UVM Foundation will require that all gifts of an interest in industrial properties (and in other property which UVM Foundation deems appropriate) shall be inspected by a properly licensed or certified professional as may be required to demonstrate due diligence and care in accepting the property as free from contamination. The findings of any such inspection shall be properly documented.
- iv) **Limitations and Encumbrances.** No gift of real property may be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.
- v) **Carrying Costs.** The existence and amount of any carrying costs, such as property owner's association dues, transfer charges, taxes and insurance, must be disclosed.

### 6) Pledges

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. This schedule may not exceed five years for any one pledge, unless approved in advance by the UVM Foundation President & CEO.

All pledges will be considered non-binding commitments unless there is a written instrument executed by the donor which states in unambiguous terms that it is intended to be a legally binding commitment.

The following minimum information must exist to substantiate a pledge:

- a) the amount of the pledge must be clearly specified;
- b) there must be a clearly defined payment schedule;
- c) the donor may not prescribe contingencies or conditions;
- d) the donor must be considered to be financially capable of making the gift; and
- e) pledges of \$10,000 or more must be documented in writing to or from the donor (including electronic submission).

From time to time, donors may intend to fulfill commitments through third parties such as donor-advised funds, family foundation, or family businesses. While these commitments are counted for fundraising and reminder purposes, these types of commitments are not pledges for accounting purposes.

### 7) Conditional Pledges

A conditional pledge is a commitment containing a donor-imposed condition that represents a threshold or goal which must first be achieved by UVM Foundation (e.g., raising matching contributions from other donors or completing a specific phase of a construction project) prior to

the donor delivering the gift. In the event the condition is not met, the donor is released from the commitment.

8) Revocable Deferred Gifts

Revocable deferred gifts include: bequest intentions, living trusts, IRA beneficiaries, life insurance beneficiaries, and other trusts or situations where there is an intention to transfer assets to UVM Foundation in the future. UVM Foundation's interest in such deferred gifts is revocable by the donor or the donor's agent.

When documented to UVM Foundation, revocable deferred gifts are valued at the dollar amount specified or at the estimated value provided by the donor.

9) Irrevocable Deferred Gifts

Irrevocable deferred gifts include: Charitable Bequests, Charitable Gift Annuities, Charitable Remainder Trusts, Charitable Lead Trusts, Life Insurance, and Life Estates. A deferred gift is irrevocable when the assets are transferred from the donor to UVM Foundation, a charity, a trustee, or other agent and UVM Foundation's interest is irrevocable.

a) Charitable Bequests

A charitable bequest is a gift made to UVM Foundation through wills or living trusts after the donor passes away. Charitable bequests are valued at the time received by UVM Foundation. A charitable bequest may include assets governed in other sections of this Policy.

b) Charitable Gift Annuities

A charitable gift annuity is a contract between a charity and the donor. The donor makes an initial contribution to the charity and the annuitant will receive a fixed payment for the rest of their lifetime.

UVM Foundation administers the charitable gift annuity program of the University of Vermont. The minimum acceptable contribution to establish a charitable gift annuity is \$10,000. The donor must be in a jurisdiction in which the University is registered to issue such contracts or where such registration is not required.

The initial contribution must be made in cash or publicly traded securities. The maximum annual payment to the annuitant is based on the annuitant's age and the fair market value of the contribution. UVM Foundation uses the gift annuity rates recommended by the American Council on Gift Annuities. In general, the donor's charitable deduction is equal to the contribution less the value of the annuity contract.

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Gift annuities payments start either (i) at the end of the quarter immediately following the fiscal quarter when the gift was received or (ii) at a future date at least one year after the date of contribution.

Gift annuity agreements shall be limited to one life or two lives at the time of the gift. The minimum age for the annuitants shall be 55 for immediate annuities and 50 (at the time of establishment) for deferred annuities. For deferred annuities, the annuitant's minimum age at the commencement of payments shall be 55.

When a gift annuity is accepted it will be invested in order to provide for future annuity payments. When an annuity matures at the death of the annuitant(s), an amount equal to the residual is available for the designated purpose as indicated in the Gift Annuity Contract. This amount may be unrestricted, restricted, or endowed, as the donor directs and is subject to the same policies as outright gifts regarding gift fees and minimum amounts for naming accounts regulated by the "Guidelines for Naming Opportunities and Endowments."

### c) Charitable Remainder Unitrusts.

A "unitrust" is a trust that provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout allowed is five percent (5%) annually and the value of the charitable tax deduction must be at least 10% of the fair market value of the property transferred to the trust on the date of the transfer (in accordance with IRS regulations). The maximum percentage shall be determined by UVM Foundation administration based on recommendations by the gift planning staff and UVM Foundation leadership. The maximum percentage shall be based on several factors, including the age of the donor(s), number of lives, amount of gift, rate of return on U.S. Treasury bonds at the time and other considerations.

All life income beneficiaries must be at least age 50. If a beneficiary is under 50, a term of years not to exceed 20 years for the charitable remainder unitrust must be used. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by UVM Foundation. The only fees that will be charged to a trust are those charged by external sources.

UVM Foundation will not serve as trustee or fiduciary for charitable remainder unitrusts. Donors are encouraged to have all documents reviewed by their own attorneys.

### d) Charitable Remainder Annuity Trusts.

Annuity trusts are similar to unitrusts and subject to the same policies and procedures, except that the donor and/or beneficiary annually receive a payout that is fixed irrevocably at the

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time of the gift and stated in the trust agreement. The payout must equal at least 5% of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. Unlike a unitrust, additions may not be made to Annuity Trusts.

All life income beneficiaries must be at least age 50. If a beneficiary is under 50, a term of years not to exceed 20 years for the charitable remainder unitrust must be used. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by UVM Foundation. The only fees that will be charged to a trust are those charged by external sources.

UVM Foundation will not serve as trustee or fiduciary for charitable remainder annuity trusts. Donors are encouraged to have all documents reviewed by their own attorneys.

### e) Charitable Lead Trusts

A charitable lead trust is designed to make periodic income payments to a charitable organization for a specified number of years, after which the trust terminates and the assets pass to the designated individuals either outright or in trust. Donors may use charitable lead trusts to fulfill pledge agreements with cash, stock, real estate (or a combination of these assets) placed in trusts.

UVM Foundation will not serve as trustee or fiduciary for charitable lead trusts. Donors are encouraged to have all documents reviewed by their own attorneys.

### f) Life Insurance

Life insurance charitable gifts are made when UVM Foundation is named both the beneficiary and owner of the policy. A gift of life insurance is valued at the cash surrender value at the date of contribution. UVM Foundation will cash-in a gift of life insurance as reasonably expeditiously as possible following receipt and shall use the net proceeds to support the donor's purposes.

### g) Gifts of Remainder Interests in Real Estate

Gifts or remainder interests in real estate occur when a donor gifts real property to UVM Foundation but the donor retains the right to full use of the property during the donor's lifetime. Under these arrangements, the donor receives a "life estate" and UVM Foundation receives a "remainder interest." Donors must sign a "Life Estate Agreement" with UVM Foundation to clarify their responsibility for property repairs, taxes, insurance and other expenses. Donors are encouraged to have all documents reviewed by their own attorneys.

10) Reputational Concerns

A gift, pledge, donor or potential donor must be evaluated to ensure that it does not or they do not pose any reputational risk or potential liability to the University or UVM Foundation. Such evaluation shall be conducted by UVM Foundation in accordance with the Association of Professional Researchers for Advancement's ethics and professional standards as well as the Association of Fundraising Professional's code of ethics.

11) Donor Restrictions

Frequently, donors require that gifts be used by UVM Foundation in particular ways (by either restricting the uses of the gift or the manner in which the gift may be invested or spent). It is the responsibility of UVM Foundation to comply with such requirements if the gift is accepted. The UVM Foundation President & CEO, or designee, is responsible for ensuring arrangements are made to achieve compliance with such requirements. New restrictions must be documented in a Gift Agreement in accordance with UVM Foundation's Fund Administration Policy. Gifts with restrictions that do not significantly further UVM Foundation's mission will not be accepted. Where restrictions imposed by a donor are reduced to writing and require signed agreement by a UVM Foundation official, such agreements are to be signed on behalf of UVM Foundation only by UVM Foundation President & CEO, or designee.

**C) GIFT ACCEPTANCE PROCESS**

All gift proposals shall be initially screened by UVM Foundation financial staff. In appropriate cases, as set forth more particularly below, gift proposals shall be further screened by senior management, UVM Foundation's legal advisors, the Gift Acceptance Committee, the Finance and Investment Committee, and/or the Board of Directors.

1) Gift Acceptance Committee

The role of the Gift Acceptance Committee ("Committee") shall be to review the appropriateness of accepting certain gifts.

a) Committee Members

The Committee shall consist of the following voting members:

- i) UVM Foundation President & CEO (Committee Chair)
- ii) UVM Foundation Vice President & Chief Financial Officer (or authorized substitute appointed by the UVM Foundation President & CEO)
- iii) UVM Foundation Vice President of Development (or authorized substitute appointed by the UVM Foundation President & CEO)

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- iv) One UVM Foundation Leadership Council member who is a member of the Finance and Investment Committee, appointed annually by the Governance Committee
- v) One representative of the University's Office of General Counsel

### b) Committee Meeting

The Committee shall meet as necessary to approve specific gifts.

### c) Quorum Required

The Committee must have a quorum (at least three members) in attendance in order to vote to approve or decline gifts. Attendance may be considered to be in person, participating via conference call, or via email, if the meeting is held in an email format.

### d) Majority Vote Required

Decisions of the Committee must be made by a majority vote. If a majority decision cannot be reached, the gift will be declined or the Committee may, in its discretion, determine whether a gift will be forwarded to UVM Foundation's Finance and Investment Committee for review and final decision.

### e) Reporting

All decisions of the Committee will be reported to Finance and Investment Committee.

## 2) Risk Categories of Gifts

Gifts are classified into three categories based on whether the risk associated with acceptance is considered material, moderate, or marginal.

### a) Marginal Risk

Gifts of marginal risk may be accepted by UVM Foundation staff and include the following:

- i) Cash and cash equivalents
- ii) Publicly traded securities
- iii) Personal property to be retained if the fair market value is \$5,000 or less
- iv) Pledges
- v) Revocable deferred gifts to be funded with cash, cash equivalents, or publicly traded securities
- vi) Charitable bequests
- vii) Life insurance where UVM Foundation is the beneficiary and the owner

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### b) Moderate Risk

Gifts considered to present moderate risks must be approved by the UVM Foundation President & CEO, or designee. Gifts of moderate risk valued at \$100,000 or more shall be reported to the Committee when approved. Gifts of moderate risk include:

- i) Non-publicly traded securities
- ii) Personal property to be retained if the fair market value exceeds \$5,000
- iii) Personal property to be sold if the fair market value is \$5,000 or less
- iv) Revocable deferred gifts to be funded with real property or any asset other than cash, cash equivalents, or publicly traded securities
- v) Charitable gift annuities
- vi) Conditional pledges

### c) Material Risk

Gifts of material risk valued at \$1 million or less must be approved by the Committee and reported to the Finance and Investment Committee. The Committee may advise the Finance and Investment Committee of gifts under consideration and/or consult the Finance and Investment Committee as it deems appropriate.

Gifts of material risk valued at more than \$1 million must be recommended by the Committee to the Finance and Investment Committee, which will determine final acceptance. The Finance and Investment Committee may advise the Board of Directors of gifts under consideration and/or consult the Board of Directors as it deems appropriate. If possible, a draft of the gift agreement will be included as part of the presentation to the Committee.

Gifts of material risk shall be documented in a written gift agreement between the donor and UVM Foundation.

Gifts of material risk include:

- i) Business interests
- ii) Personal property to be sold if the fair market value exceeds \$5,000
- iii) Real property
- iv) Charitable remainder unitrusts
- v) Charitable remainder annuity trusts
- vi) Charitable lead trusts
- vii) Remainder Interests in Real Estate
- viii) Donors or gifts which pose a potential reputational risk to the University or UVM Foundation
- ix) Any other asset type, donor restriction, or giving vehicle not described in this Policy

**D) PROFESSIONAL SERVICES**

UVM Foundation may incur and pay reasonable fees for professional services rendered to or for the benefit of UVM Foundation in connection with the completion of a gift to UVM Foundation. Where advisors retained by UVM Foundation prepare documents or render services of any kind to UVM Foundation and/or to a donor on behalf of UVM Foundation, the donor shall be informed that the professional involved is retained by UVM Foundation and is not acting on behalf of the donor and that any advice provided or documents prepared should be reviewed by donor's counsel prior to completion of the gift.

**E) CHANGES TO POLICY**

The terms and conditions of this Policy are subject to change at any time. Nothing in this Policy is intended to be construed, or shall be deemed to create, any right or remedies in any third party, including, but not limited to, any donor to UVM Foundation or University. If applicable, any rights and obligations with respect to a particular donor will be set forth in the gift instrument executed in connection with the gift.

*Adopted April 26, 2013  
Amended April 28, 2017  
Amended October 2, 2020  
Amended September 27, 2024*