



Policy

Title:	Gift Acceptance
Effective Date:	March 30, 2020
Approved By:	Board of Trustees
Responsible Party:	Vice-President for Institutional Advancement
History:	7/30/14

I. PURPOSE

With its mission to advance integrated health care through innovative education, research and clinical services, Salus University is developing the healthcare professionals of the future, improving community health, and increasing the diversity and equity of the health professions. Salus University's impact goes far beyond its students and the Philadelphia region to the healthcare professions it serves and the patient and clients it treats around the world.

The purposes of this Policy are to:

- Govern the acceptance of gifts (defined below);
- Provide guidance to donors and their professional advisors in completing gifts;
- Protect the best interests of those who make voluntary contributions to support the purpose of Salus; and
- Protect the interests of Salus University and its affiliates.

II. DEFINITIONS

As used herein, "Salus" or the "University" refers to Salus University and its tax-exempt affiliates, including the Pennsylvania College of Optometry Foundation (PCOF).

Other defined terms utilized in this Policy are defined at their first instance of use.

III. POLICY

The Institutional Advancement (IA) department oversees the acceptance and receipting of all charitable gifts made to Salus and any of its tax-exempt affiliates. It is preferred that all gifts made to Salus be made payable to "Salus University". This Policy shall be reviewed and revised, as necessary, annually by the Institutional Advancement Committee of the Board of Trustees (the Board).

IV. PROCEDURE

a. Gift Management

IA shall be responsible for all record keeping and interpretation of this policy. Information about all gifts shall be considered confidential unless authorized for release by the donor. IA shall make available to all potential donors, including through the Salus website, such forms as shall be necessary and appropriate to facilitate gift giving in accordance with this Policy.

b. Use of Experts

IA shall seek the advice of those experts, including tax and legal experts, that it deems necessary in matters relating to the acceptance of gifts. Salus shall comply with the most current version of the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving.

Salus shall advise all donors to seek independent professional tax and legal counsel prior to making a gift.

c. Acknowledgement of a gift

When a gift is received by the Salus, it is the responsibility of Salus to ensure that the gift is acceptable and that the donation qualifies as a charitable gift. IA shall issue an official acknowledgement in a timely manner for donations received.

d. Restrictions on Gifts

Salus shall not accept gifts that are too restrictive in purpose. In general, gifts shall be considered too restrictive if the gift would violate the terms of any of Salus' governing documents, if they are overly burdensome to administer or if they are for purposes outside the mission, priorities or goals of Salus. All final decisions on the restrictive nature of a gift and its acceptance or refusal shall be made by the VP of Institutional Advancement in consultation with the University's President's Council.

e. Declining a Gift

Salus may choose to decline a gift due to one or more of the following conditions:

- There are conditions to a gift and its designation that are not consistent with the Salus mission, priorities and goals;
- The gift could financially jeopardize the donor or Salus, including their tax status;
- The gifts or its terms are illegal;
- An appropriate "fair market value" for a the gift cannot be determined or shall result in an unreasonable expense to Salus;
- A gift of real estate or tangible personal property subjects Salus to physical or environmental hazards; or
- The gift could improperly benefit any individual.

f. Types of Outright Gifts

An outright gift is defined as an irrevocable charitable contribution for the benefit of Salus (or a tax-exempt affiliate, as applicable) which is intended as a donation, bestowed voluntarily and without expectation of tangible compensation and for which no contractual requirements are imposed. Outright gifts are contributions that can be used immediately by Salus.

Outright gifts of Cash, Check or Credit Card funds require no pre-approval by Salus. **Outright gifts in all other forms require the pre-approval of Salus prior to acceptance.** The deductibility of any and all outright gifts is governed by the rules and regulations of the Internal Revenue Service (IRS).

The following criteria further govern the acceptance of certain forms of outright gifts:

1. Cash, Check and Credit Card Donations. Checks shall be made payable to “Salus University” and shall be delivered to IA. Specific intent can be noted on the memo line of the check. Gifts by credit card can be made securely through the Salus website.

2. Securities. Salus can accept both publicly-traded securities and closely-held securities.

a. Publicly-Traded Securities. Arrangements may be made for the transfer of marketable securities to Salus’ account, either by physical or electronic transfer. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed.

b. Closely-Held Securities. Gifts of closely-held securities, which include not only debt and equity positions in non-publicly traded companies, but also interests in closely held C and S corporations, limited partnerships, limited liability companies or other ownership forms, are complex, requiring substantial due diligence, risk measure, and management. Therefore, a thorough benefit-to-risk analysis shall be conducted on a case-by-case basis prior to approval by Salus. It is the donor’s obligation to establish a gift value and no dollar amount shall be included in the receipt, if accepted. If accepted, every effort shall be made by Salus to sell non-marketable securities as quickly as possible.

3. Real Estate. Outright gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, Salus may require an initial environmental review of the property and/or title binder, at the expense of the donor.

4. Term Life Insurance. Salus must be named as both beneficiary and irrevocable owner of an insurance policy before a term life insurance policy can be accepted and recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. Paid-up life insurance policies may be counted in one of two ways: the cash surrender value, counted as a current outright gift; or the death benefit value, counted at both the face value and the discounted present value.

5. Gifts-In-Kind. A gift of goods or equipment, or other tangible property donation, may be accepted by Salus if it will support the University’s mission. A gift in-kind shall be assigned a “fair market value” as documented by the donor. Salus reserves the right to require a professional appraisal prior to the acceptance of tangible personal property.

IRS Filings upon Sale of Gift Items: Salus is responsible for filling IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt when the value of the gift for charitable purposes was greater than \$ 5,000. The appropriate entity must file this form within 125 days of the date of sale or disposition of the asset.

g. Types of Deferred Gifts

A deferred gift refers to a contribution that is not donated at the present time, but, rather is planned for donation at a later occasion, oftentimes at death as part of one's estate. When a donor is making a deferred gift to a specific program or service, it is recommended that the documentation reads as follows: "Salus University to be used for the purposes of [program, facility, etc.]". The donor is encouraged to coordinate the documentation through IA. **Donors who make a deferred gift are eligible to be inducted in to Salus University's "Heritage Society"**. The following criteria govern the acceptance of certain forms of deferred gifts:

1. Bequests. A bequest or devise is a gift that is made through a donor's will. Individuals may name Salus in their wills for a specific amount or a percent share of their estate. Donors can also name Salus as the residual beneficiary of their estates after payment of bequests to others. Bequests shall not be recorded as gifts until the gift is received/realized or documented as irrevocable. If a bequest is to be used for a restricted purpose, the donor should contact Salus to prepare a gift agreement outlining how it will be used.

2. Charitable Gift Annuities (CGA). Salus may offer charitable gift annuities. The minimum gift for funding is \$10,000. The minimum age for life income beneficiaries is 55. No more than two life income beneficiaries will be permitted for any gift annuity. Upon execution of the CGA agreement, the donor is entitled to a charitable contribution amount that is equal to the present value of the remainder interest of the CGA. Annuity payments may be made on a quarterly, semi-annual or annual schedule, and are based on the age of the donor at the time of the gift. Rates used are those recommended by the American Council on Gift Annuities, which determines the payment amounts of the annuities. Donors should be aware that the payment of annuity income is a general obligation of the charity, and is backed by its assets. Salus will only accept cash for CGA, not real estate, tangible personal property, or other illiquid assets. Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to Salus or to such specific fund as designated by the donor.

3. Deferred Charitable Gift Annuity. A deferred gift annuity is similar to a CGA, except that payments begin at a future date of the donor's choice, such as retirement. The minimum age for deferred life income beneficiaries is 45. The tax deduction and the annual rate of return increase the longer the donor waits to begin payments.

4. Charitable Remainder Trust. Salus may accept designation as remainder beneficiary of a charitable remainder trust. Two basic types of charitable remainder trusts qualify for federal tax benefits. In both arrangements, a donor gives stock, cash or other assets to a trust. Those assets are invested, producing income for the donor or other beneficiary either for a fixed period of time or until the donor dies. The donor is allowed to claim a tax deduction for the estimated portion of the assets that will ultimately come to the appropriate entity. When the donor dies or the term ends, the entity keeps all remaining assets in the trust.

The two types of remainder trusts are unitrusts and annuity trusts. Under a basic unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the average value of the assets in the trust, which is assessed each year. Under a net-income unitrust, the donor receives only the income

earned by the trust, even if the trust earns less than the payout rate. However, the trust can be set up to include a make-up provision, which allows the donor to make-up the lost income, provided the trust earns more than the payout rate in future years. Under an annuity trust, the donor receives a fixed amount each year equaling at least 5% of the value of the asset at the time the deferred-giving payment was signed.

5. Charitable Lead Trusts. Through this vehicle, Salus University would receive income from the donor's assets for a specified time, after which the asset is transferred back to the donor or to the donor's heirs. The donor would create a trust and the benefiting entity would receive one or more payments each year for a specific term of years from the donor's trust. The donor may pay a gift tax on the value of the remaining interest if paid to his/her heirs when it is placed into the trust, after which it can grow tax-free. A lead trust can provide income, gift and estate tax benefits to the donor. Salus University or tax-exempt affiliate may accept a designation as Income Beneficiary of a charitable lead trust, but shall not accept appointment as Trustee of a charitable lead trust.

6. Retirement Plan Beneficiary Designations. Donors and supporters can name Salus University or a tax-exempt affiliate as beneficiary of their retirement plans. Such designations shall not be recorded as gifts until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

7. IRA Charitable Rollover. H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015 has permanently extended the IRA Charitable Rollover. Originally passed in 2006 as part of the Pension Protection Act, the IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes. IRA Rollovers are not tax deductible, and cannot be used to establish charitable gift annuities.

8. Whole Life Insurance. A gift of whole life insurance can be made to Salus University or tax-exempt affiliate by naming the applicable tax-exempt entity as the irrevocable owner and beneficiary of the policy. The gift should be valued at its interpolated terminal reserve value or cash surrender value, upon receipt. The policy can either be paid-up, or, if not paid-up as of the date of the gift, has a minimum face value of \$100,000. A pledge form signed by the donor shall be required for gifts of life insurance policies that require charitable contributions from the donor to Salus in the amount of any premiums, including unscheduled premiums, which may become due. If the donor contributes future premium payments, Salus shall include the entire amount of the additional premium payments as a gift in the year that they are made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, Salus may continue to pay the premiums; convert the policy to paid-up insurance; or surrender the policy for current cash value.

h. Endowments

An endowment is a financial asset in the form of a donation made to a non-profit tax-exempt organization consisting of investment funds or other property with an expectation that income shall support either restricted or unrestricted purposes. Most endowments are designed to keep the principal amount intact while using the investment income from dividends for charitable efforts. Endowment funds may be created or added to through gifts of cash, securities, real estate, life insurance, or bequests.

Donors may contribute to an existing endowment fund with a gift of any size or establish a new endowment with a gift of \$25,000 or more. Endowed funds may bear the donor's name or be named to

honor someone chosen by the donor. Endowment funds may be unrestricted as to their usage, or restricted to support a particular part of Salus' mission or operations (a donor-restricted endowment). If the endowment is to be used for a restricted purpose, the donor should work in advance with a member of the IA to prepare a gift agreement outlining how the endowment income shall be used in perpetuity. **All endowments require the pre-approval of Salus prior to acceptance.**

Except as otherwise required by law or regulation, endowment funds (including donor-restricted endowments) may be co-mingled with Salus' other assets for investment purposes. Investment strategies are determined to maximize return on all of Salus' investments while maintaining and growing the principal for future sustainability. The Board (including through its designees) oversees PCOF where excess University assets, including gifts are invested. The annual spending rate of PCOF is reviewed on an ongoing basis by Board, in accordance with its Investment Policy Statement.

Endowment fund activity shall be recorded by the University's Finance Department (Finance) in accordance with Generally Accepted Accounting Principles. Accounting records shall be maintained by Finance for each endowment fund showing principal, return, and use of funds. Upon request of the applicable donor, Finance shall provide a complete accounting of such donor's endowment fund. Finance, in coordination with IA, shall review endowment documents and funding requests as provided to ensure the expenditure meets the criteria set forth by the donor.

i. Matching Gifts

Many corporations have guidelines that the non-profit organization and employee must meet before a donation can be matched. Such corporation's benefits or human resources department can provide more information about their program and should also have the proper form to complete. Every matching gift made by a donor's employer shall be designated in the same fashion as the donor's gift designation and shall be counted toward the donor's gift recognition

j. Gifts in Honor of or In Memory

Gifts "in memory of" or "in honor of" are generally designated to a specific Salus program or group per the wishes of the families of the honoree. It is a generous and thoughtful way to honor a friend or family member.

k. Guidelines for Naming Facilities

Salus welcomes the opportunity to honor those who have rendered extraordinary service or financial support to the University. Colleges, buildings and spaces may be named for individuals or entities whose accomplishments or generosity advances our mission. Salus shall follow the guidelines contained in this policy as it makes decisions on a case-by-case basis with regard to naming rights. Recognition of this highest caliber demonstrates institutional appreciation of our donors and volunteers.

1. Authority. The authority to grant naming rights to Salus' colleges or buildings as a result of extraordinary philanthropy and service belongs to the Board in concert with the University's President's Council. The authority to grant naming rights to all other Salus' spaces belongs to the University's President's Council.

2. Criteria for Selection of Honorees. Naming a college, building or space for an

individual, organization or corporation is one of the highest honors that Salus can bestow. This recognition is a lasting and powerful affirmation of the honoree's connection to the University. As such, honorees must have exemplary character, an unqualified reputation for honesty, personal integrity and the highest standards of personal and professional ethics. Each decision is made on a case-by-case basis. Honorees may be considered for recognition if they have made significant financial or service contributions to Salus. In general, deferred gifts shall not be considered for naming opportunities unless the commitment is irrevocable.

3. Named Colleges/Buildings. Generally, gifts of \$1 million or more shall be considered for a college/building naming opportunity.

4. Named Spaces. Generally, gifts of \$2,500 or more shall be considered for a space naming opportunity (generally identified by a plaque). The University's President's Council, in conjunction with IA, shall identify spaces within the University eligible for naming. These spaces shall be selected based on their visibility, attractiveness, and utility to the Salus community.

5. Duration of Naming Rights. Naming of a building or space is generally expected to last for the useful lifetime of the building or space. When a named building is replaced by a new building or renovated, every effort shall be made to perpetuate the initial honoree in the new/renovated building. When a named space is renovated, its useful life shall be deemed to have expired and the initial's honoree's naming shall not be continued for the renovated space.

Should a donor or its affiliates be deemed to no longer possess exemplary character, an unqualified reputation for honesty, personal integrity and the highest standards of personal and professional ethics, naming recognition may be withdrawn from the University community by the Board (with respect to Colleges/buildings) or the President (with respect to spaces) upon the recommendation of the President's council. Salus may also recall naming and other forms of donor recognition if a donor does not fulfill their pledge as provided in the pledge agreement.

6. Style Parameters. The size and shape of signage, inscriptions, plaques and the like shall be consistent across buildings and spaces on campus. The material selected for plaques and signage shall match the type of material used in the project. Donor recognition design shall be integrated into the design of each project from its initial stages.

I. Campaign Policies

Donors shall be given the opportunity to make pledges payable over as many as five years.

Outright gifts and multi-year pledges made during the campaign period with the intention of being used for campaign objectives shall be counted toward the capital campaign. Fundraising totals shall include the total outright gifts received during the campaign and payable during the pledge period stated above. Pledges shall be counted toward the campaign when a signed, dated pledge form has been received indicating the total amount of the pledge and the anticipated payment schedule.

Revocable and irrevocable deferred commitments made in response to campaigns - and which shall be received at an undetermined time in the future - can count toward the campaign goal, but shall be tracked separately. Bequests shall be counted at the net present value in campaign totals if: the donor is age 65 or older; the commitment is for a single life, or if double life, the second donor also conforms to the age

limitation; and the shall states a specified amount or percentage of the estate based on a credible estimate of future value of the estate.

During campaigns, undesignated and unrestricted gifts to Salus may be designated to support that campaign.

m. Vendor Relationships

Salus shall follow ethical policies governing relationships with vendors in all of its fundraising activities. This Policy recognizes that solicitation and/or acceptance of excessive or inappropriate gifts, favors or entertainment from vendors may interfere, or be perceived to interfere, with sound business judgment in selecting and retaining vendors, or may create the appearance of impropriety in business dealings.

n. Third-Party Fundraising

A third-party fundraising activity is any fundraising activity or event hosted by a non-affiliated group or individual where Salus is the beneficiary and has no fiduciary responsibility and little or no staff involvement.

Those wishing to execute a third-party fundraiser must receive prior written approval from Salus.