

Chi Phi Educational Trust

GIFT ACCEPTANCE POLICY

*adopted by the Chi Phi Educational Trust on July 25, 1999;
amended April 6, 2001; amended March 28, 2010; amended June 27, 2014; amended November 22, 2014*

I. Introduction

- A. The purpose of this gift acceptance policy is to:
1. give guidance and counsel to those individuals within the Chi Phi Educational Trust ("Chi Phi") concerned with the planning, promotion, solicitation, receipt, acceptance, management, reporting, use and disposition of gifts.
 2. encourage funding of Chi Phi without encumbering the organization with gifts which may prove to generate more cost than benefit, or which are restricted in a manner which is not in keeping with the goals of the organization.
 3. protect the interests of Chi Phi and the persons and other entities who support its programs by assuring that all gifts to, or for the use of Chi Phi are structured to provide maximum benefits to both parties.
- B. To optimize funding from individuals and other entities, Chi Phi must be capable of responding quickly, and in the affirmative where possible, to all gifts offered by prospective donors. It is understood that except where stated otherwise, these policies are intended as guidelines, and that flexibility must be maintained since some gift situations can be complex, and decisions can only be made after careful consideration of a number of interrelated factors. Therefore, these policies will in some instances require that the merits of a particular gift be considered by the Gift Acceptance Committee.

II. Powers & Authority

- A. The Chairman of the Chi Phi Educational Trust shall appoint the Gift Acceptance Committee (the "Committee"). In the absence of an officially appointed Gift Acceptance Committee, the Board of Trustees of the Chi Phi Educational Trust shall constitute the Gift Acceptance Committee until one is appointed.
- B. The Trustees of the Chi Phi Educational Trust may modify these guidelines as they relate to their respective organization at any time for the good of their organization and in conformance with their fiduciary responsibilities and IRS regulations. They also may, as a body, overrule any decision made by the Gift Acceptance Committee. The Gift Acceptance Committee of each entity shall function independently of the other.

III. General Gift Acceptance Provisions

- A. Chi Phi reserves the right to refuse any gift that is not consistent with its mission. In addition, Chi Phi will not accept gifts that:
 - 1. violate any federal, state, or local statute or ordinance,
 - 2. contain unreasonable conditions,
 - 3. could expose Chi Phi to adverse publicity, litigation or other liability,
 - 4. come from a donor who may not have sufficient title to the assets or is mentally incompetent to legally transfer the gift,
 - 5. contain a condition that the proceeds will be spent by the organization for the personal benefit of a named individual or individuals,
 - 6. prohibit the organization from seeking gifts from other donors,
 - 7. require undue expenditures, or involve the organization in unexpected responsibilities because of their source, conditions or purpose.
- B. Associated expenses of a gift are to be borne by the donor.
- C. Donors of property gifts of over \$5,000, except for gifts of publicly traded securities, must obtain an appraisal by an independent third-party appraiser in accordance with current tax law requirements.
- D. Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of Chi Phi shall provide legal or tax advice to any donor or prospective donor.
- E. Chi Phi is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the organization to address its most pressing needs. Donors should consult the Restricted Fund Policy for additional information.

IV. Outright Gifts

A. Cash, Check & Credit Card Gifts

- 1. Unrestricted, outright gifts of cash, check, money order, credit card and their equivalents do not require approval by the Committee.
- 2. All checks must be made payable to the designated entity (Chi Phi Educational Trust) and shall not be made payable to an employee or volunteer for the credit of Chi Phi.

B. Stocks, Bonds and Securities

- 1. Publicly-Traded Securities
 - a) Publicly traded securities may be accepted without approval of the Committee. Donors should anticipate that securities they give may be immediately sold, although Chi Phi has discretion to use gifts of securities in any manner consistent with this policy, the Investment Policy and any other policies. In no event shall any employee or volunteer working on behalf of Chi Phi commit to a donor that a particular security will be held unless authorized to do so by the Committee.

- b) Gifts of publicly traded securities shall be valued to the donor based on the average of the highest and lowest quoted selling price on the date the gift was received.

2. Closely Held Securities

- a) Non-publicly traded securities may only be accepted and disposed of after approval of the Committee.
- b) Non-publicly traded securities will be valued to the donor based on current IRS regulations. In some cases, donors may be responsible for obtaining their own appraisals for tax valuation purposes and for any fees or other expenses related to such appraisals.

C. Real Property

1. In general, residential real estate located within the United States, with an equity value after selling costs estimated by the donor or others at \$25,000 or greater will be accepted unless the Committee determines that the property is not suitable for acceptance.
2. In general, residential real estate located outside of the United States will not be accepted unless it appears to have equity value after selling costs in excess of \$100,000 and there is reason to believe it is highly marketable.
3. Property encumbered by a mortgage or other indebtedness cannot normally be accepted as a gift unless the donor agrees to assume all carrying costs until the property is liquidated. The Committee can make exceptions to this guideline when the value of the property exceeds the anticipated exposure, will produce income or will be used by Chi Phi in its programs. Special attention shall be given to the receipt of real estate encumbered by a mortgage, as the ownership of such property may give rise to unrelated business income for Chi Phi and disqualifying certain split interest gifts unless handled in a proper manner.
4. In order to accept gifts of real property, the following actions must take place:
 - a) The Committee shall, at its own expense, select an independent party to appraise the property who shall have no business or other relationship with the donor.
 - b) the donor must provide the following documents to the Committee:
 - (1) Real estate deed
 - (2) Real estate tax bill
 - (3) Plot plan
 - (4) Substantiation of zoning status

- c) Donors are responsible for obtaining their own appraisals for tax valuation purposes and for any fees or other expenses related to such appraisals.
 - d) If the real estate is being given to fund a charitable gift annuity, the Committee must seek a legal opinion as to the permissibility of this action under the laws of the state or states involved.
 - e) After receiving the written appraisal, the Committee must approve and decide whether to accept the gift of real property
5. For gift crediting and accounting purposes, the value of the gift is the appraised value of the real estate. Chi Phi may, in its discretion, choose to exclude from the value of the gift costs for maintenance, insurance, real estate taxes, broker's commission, and other expenses of sale.

D. Tangible Personal Property

1. Generally, gifts of tangible personal property will only be accepted when it is reasonably expected they can be converted into cash within a reasonable period of time or when Chi Phi can utilize the property in its operations such as for display in the Greek history and archives museum.
2. The Committee must approve and accept any gift of jewelry, artwork, furniture, books, stamps, coins, collections and other tangible personal property. In order to accept gifts of tangible personal property, the following actions must take place:
 - a) The Committee will provide the donor with a copy of this policy and notice that the Committee will follow all applicable laws and regulations and cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.
 - b) If the Committee reasonably believes that the property has a value of \$5,000 or more, the Committee shall, at its own expense, select an independent party to appraise the property who shall have no business or other relationship with the donor.
 - c) For any gift of tangible personal property, the Committee shall evaluate and determine whether Chi Phi intends to dispose of the property quickly or retain it for an extended period of time. The decision to dispose of or retain the property is one only the Committee can make. In no event shall any employee or volunteer working on behalf of Chi Phi commit to a donor that a particular piece of property will be held unless authorized to do so by the Committee.
 - d) The Committee must evaluate whether the property is perishable or will require special facilities or security to properly safeguard it
 - e) Donors are responsible for obtaining their own appraisals for tax valuation purposes of tangible personal property and for any fees or other expenses related to such appraisals.
 - f) In all cases, the Committee shall follow the laws and regulations under terms of the Internal Revenue Code governing gifts of property of this type.

3. Chi Phi will acknowledge receipt of gifts of tangible personal property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

E. Other Property.

1. Other property of any description including mortgages, notes, copyrights, royalties, easements and other intangible personal property shall only be accepted by action of the Committee.
2. Donors are responsible for obtaining their own appraisals for tax valuation purposes of intangible personal property and for any fees or other expenses related to such appraisals.
3. Chi Phi will acknowledge receipt of gifts of intangible personal property in accordance with the federal tax law and will sign any IRS form or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

- V. **Deferred Gifts.** Chi Phi shall actively encourage individuals to make deferred / planned gifts.

A. General Deferred Gift Provisions.

1. In the event of an inquiry by a prospective donor or their representative(s), representations about the future acceptability of property proposed to be left to Chi Phi through a deferred or planned gift shall only be made according to the terms of this policy.
2. Gifts from the estates of deceased donors consisting of property which is not acceptable can only be rejected by action of the Committee. In such an event, the legal counsel for Chi Phi shall expeditiously communicate the decision of the Committee to the legal representatives of the estate.
3. Donors are encouraged to notify Chi Phi, and Chi Phi shall attempt to discover deferred gift expectancies whenever possible in order to reveal situations which might lead to unpleasant donor relations in the future. Where possible, intended deferred gifts of property other than cash or marketable securities should be brought to the attention of the Committee and every attempt be made to encourage the donor to modify his or her plans to this policy.
4. Chi Phi will identify a number of corporate fiduciaries nationwide in which it has confidence. Only with the approval of the Committee may any corporate fiduciary be recommended to a donor.
5. Chi Phi may not represent or market any type of deferred gift as an investment vehicle or security of any type in such a way that violates federal and/or state securities regulations. All disclosures required by

federal and state law and regulations shall be made in a thorough and timely manner.

6. Chi Phi shall encourage donors to seek their own counsel in matters relating to their bequests, life income gifts, tax planning and estate planning.
7. All legally binding documents shall be prepared and/or reviewed by counsel retained by the donor, to avoid any conflict of interest or undue influence. Alternatively, a donor may sign a document prepared by Chi Phi, releasing Chi Phi from any liability and waiving any conflict.
8. Donors of deferred gifts will be recognized as having made a gift in the amount of the value of the assets transferred. For example, a donor who transfers \$100,000 to a trust will be acknowledged as having made a gift of \$100,000 to create a trust. This amount may be different from the amount of the donor's charitable income tax deduction. It also is different from the amount Chi Phi is required to include on its books for financial statement purposes.

B. Bequests

1. A donor may leave a bequest of any amount through their last will and testament to Chi Phi.
2. Once it knows of a bequest, Chi Phi will make every effort to protect its interests by following the gift through the probate process.
3. Donors who have indicated that they have made a bequest to Chi Phi may, depending upon the individual situation, be asked to disclose, in writing or by copy of the will, the relevant clause that benefits Chi Phi as evidence of their gift. This information is used for internal financial purposes and is not binding on the donor.

C. Financial Institution / Retirement Account Beneficiary Designation

1. A donor may name the Chi Phi Educational Trust as the beneficiary of a bank, financial institution, IRA, pension, 401(k) or other retirement account.
2. Once it knows it is a beneficiary of a particular account, Chi Phi will make every effort to protect its interests by following the gift through the probate process.
3. Donors who have indicated that they have named Chi Phi as a beneficiary of a financial institution or retirement account may, depending upon the individual situation, be asked to disclose, in writing or by copy of the beneficiary designation documentation that names Chi Phi as beneficiary as evidence of their gift. This information is used for internal financial purposes and is not binding on the donor.

D. Life Insurance

1. A donor may name the Chi Phi Educational Trust as the beneficiary of a life insurance policy of any amount that they have purchased on the donor's life.
2. Chi Phi will not accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Any exception to this policy can only be made after researching relevant state laws to assure that Chi Phi has an insurable interest under applicable state law.
3. Chi Phi will not endorse a particular insurance product for use in funding gifts to Chi Phi.
4. Chi Phi will not furnish names or lists to any entity for the purpose of marketing life insurance for the benefit of Chi Phi because such a practice violates other Chi Phi policies, presents a potential conflict of interest and may subject Chi Phi to state insurance regulations should the activity be construed as marketing life insurance.

E. Charitable Remainder Trusts.

1. Where Chi Phi is asked to serve as a single or co-trustee, the Committee must agree to the request. In all other cases, where Chi Phi is the beneficiary of a charitable trust, no action by the Committee is required.
2. In general, Chi Phi will not serve as sole trustee of a charitable trust for the benefit of Chi Phi. This policy may only be waived by a written resolution of the governing body of the proposed recipient organization.
3. Due to the costs of drafting and administration, the minimum amount required to establish a charitable trust for which Chi Phi serves as co-trustee is \$50,000.
4. Any fees for managing a charitable trust will only be paid by Chi Phi upon approval of the Committee.
5. Management fees for the administration of a charitable remainder trust when Chi Phi is named as trustee or co-trustee shall be paid from the income of the trust.
6. No employee or volunteer acting on Chi Phi's behalf shall make any representation as to the manner in which trust assets will be managed or invested by a corporate fiduciary.
7. The Committee and other employees and volunteers acting on behalf of Chi Phi should become familiar with the types of property generally accepted by a corporate fiduciary as suitable contributions to a charitable trust. Employees and others acting on behalf of Chi Phi shall not encourage donors to make gifts of any property to a charitable trust which are not in keeping with such guidelines.

8. The payout rate of a charitable remainder trust shall be determined in consultation with the donor and Chi Phi's investment advisor. The payout rate shall be negotiated between the donor and Chi Phi and shall reflect the number of beneficiaries, their ages, the size of the trust and legal requirements.
9. Chi Phi shall not encourage a donor to make a charitable trust where:
 - a) the trust names income beneficiary individuals under 60 years of age.
 - b) the trust names more than two income beneficiaries.
 - c) it is determined that the net present value of the remainder interest in the trust is less than 25% of the value of the funds transferred to the trust.

F. Charitable Gift Annuities.

1. Charitable gift annuities may only be accepted after approval of the Committee.
2. Due to the cost of drafting and administration, the minimum contribution to establish a gift annuity is \$25,000.
3. The minimum contribution for an additional gift annuity by an individual who has previously entered into a gift annuity agreement shall be \$5,000.
4. There shall be no more than two (2) beneficiaries on a charitable gift annuity. If state laws require a maximum of one beneficiary, then state law will control.
5. No gift annuity shall be accepted which names an income beneficiary who is under 60 years of age without the prior approval of the Committee.
6. Administrative fees shall be paid from the income earned on the charitable gift annuity.
7. Chi Phi Gift Annuity Rates will not exceed the American Council on Gift Annuities suggested rates.

G. Life Estate Gifts.

1. Chi Phi will not encourage donors to make gifts of real property where they maintain a life interest in the property because such transfers are often not in the best interest of the donor involved, and problems for the donor and Chi Phi can develop should the donor need to sell the property at a later date.
2. Such gifts may be accepted upon approval by the Committee in situations where the asset involved appears to be a minor portion of the donor's wealth, and the Committee is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction.

VI. Fee Payments.

- A. **Finder's Fees or Commissions.** Chi Phi will not pay any fee to any person as consideration for directing a gift to Chi Phi. It is understood that such fees may or may not be legal and that in the case of irrevocable deferred gifts which involve management of assets, the payment of such fees may subject Chi Phi and its management and governing boards to federal and state security regulation.
- B. Professional Fees**
1. While Chi Phi is happy to offer assistance to attorneys and other professional advisors by providing specific language to be used in charitable giving instruments, prospective donors shall be responsible for their own legal, accounting, appraisal and other fees related to their gift.
 2. Chi Phi will pay reasonable fees for other professional services advising Chi Phi in connection with the completion of a gift. Such fees will only be paid by implementing the following procedures:
 - a) with prior written approval of the Committee
 - b) after discussing the fee with and approval by the donor
 - c) in the case of "fee for service" financial planners, where the financial planner states in writing that they are compensated only through fees for services rendered and that they are not compensated for the sale of products to clients. This distinction is vital in avoiding the payment of commissions which could be construed as triggering securities regulation.
 3. Chi Phi shall attempt to ascertain the reasonableness of all professional fees prior to payment. An hourly breakdown of time should be requested. In cases which appear excessive, the summary of fees shall be submitted to the corporate counsel for Chi Phi for review and approval prior to payment.
 4. In the rare case where the persons receiving fees were initially employed by the donor and Chi Phi is asked and agrees to pay fees involved, the donor shall be notified that the payment of such fees may result in taxable income to the donor in the amount of the fees paid.
 5. In situations where advisors retained by Chi Phi prepare documents or render advice in any form to Chi Phi and/or a donor, it shall be disclosed to the donor that the professional involved is in the employ of Chi Phi and is not acting on behalf of the donor and that any documents or other advice rendered in the course of the relationship between Chi Phi and the donor should be reviewed by counsel for the donor prior to completing the gift.

Gift Acceptance Policy Summary

Before accepting any gift, and for complete information, consult the entire Gift Acceptance Policy

	Requires Approval of the Gift Acceptance Committee	Appraisal Required	Value to Donor
Cash, Check & Credit Card	No	No	Amount of gift
Publicly Traded Securities	No	No	Average of high and low value on the date gift received
Closely-Held / Non-Publicly Traded Securities	Yes	Maybe	Based on IRS regulations
Tangible Personal Property	Yes	Yes if value is \$5,000 or more	Determined by donor and IRS regulations
Intangible Personal Property	Yes	Maybe	Determined by donor and IRS regulations
Bequest	No	Maybe	Depends on gift bequeathed
Beneficiary of a Financial Institution/ Retirement Account	No	No	Amount of gift once gift is actually received
Life Insurance	No	No	Amount of gift

	Requires Approval of the Gift Acceptance Committee	Minimum Required Contribution	Appraisal Required	Value to Donor
Real Property	Yes	\$25,000	Yes	Value of property
Charitable Trust	Depends on circumstances	\$50,000	Depends on gift	Based on IRS regulations
Charitable Gift Annuity	Yes	\$25,000	Depends on gift	Depends on gift