



GIFT ACCEPTANCE POLICY

1. PURPOSE

To provide guidelines for the acceptance of various types of gifts to the Lock Haven University Foundation. The Lock Haven University Foundation ("Foundation") offers the donor the opportunity to make gifts to the Foundation in a manner beneficial to the donor while protecting the mission as well as the fiscal and legal integrity of the Foundation. The Board of Directors ("Board") is committed to seeking such gifts from individuals, corporations and foundations to secure the future growth and mission of the Foundation. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of its programs or services.

2. APPLICABILITY

All gifts for the benefit of Lock Haven University made to the Lock Haven University Foundation.

3. POLICY

A. ANY MAJOR GIFT OVER \$20,000

The Executive Committee needs to reviews/approve any major gift over \$20,000 or more and Naming Opportunity in any amount.

B. USE OF LEGAL COUNSEL

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for the following:

- Closely held stock transfers that are or may be subject to restrictions or buy-sell agreements.
- Gifts involving contracts, such as bargain sales, real estate transactions, or other documents requiring the Foundation to assume an obligation.

- Documents or transactions naming the Foundation as a trustee or co-trustee.
- Transactions with potential conflict of interest that may involve IRS sanctions, investigations, or audit

C. CONFLICT OF INTEREST

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Foundation will comply with the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership for Planned Philanthropy, attached as an appendix to this policy.

D. ETHICS IN RECEIVING GIFTS

The Board authorizes the acceptance of gifts to the Foundation only where there is genuine donative intent, where there has been full disclosure between the donor and the Foundation, including, to the best of the Foundation's ability, full disclosure of any tax other ramifications to the donor, where the donor has encouraged to seek his/her own counsel on legal and financial matters, and where the gift is in the best interests of both parties. During gift solicitation and acceptance, it is vital that the Foundation's tax-exempt status be maintained and protected. Gift requirements must support the Foundation's mission, and any restricted use stipulated for a gift must be consistent with prevailing laws and public policies. The Board does not authorize the acceptance of gifts that would jeopardize the financial, legal or moral integrity or reputation of the Foundation, or where the gift would cause embarrassment to the donor or his/her family.

E. RESTRICTIONS ON GIFTS

The Foundation will accept restricted gifts provided that such gifts are not inconsistent with the Foundation's and University's stated mission, purposes and priorities. Restricted gifts to specific programs or purposes within the Foundation or University may be accepted provided that the designation to the specific program or purpose does not otherwise conflict with the provisions of this policy. Acceptance of conditional gifts imposes fiduciary and administrative responsibilities on the Foundation to ensure that the funds are used for the purpose(s) for which they were given. Therefore, before accepting a restricted gift, the Foundation must ensure that the restrictions can be enforced and will be used in accordance with the terms and conditions of the gift, in a reasonable and cost efficient manner. In order to meet the costs of proper management and accounting of the funds and the monitoring of compliance with the donor's restrictions, an Administrative Fee may be imposed on a gift and/or its designated fund.

F. TYPES OF GIFTS

The following types of gifts are acceptable as gifts to the Foundation, subject to the provisions of this policy: (1) Cash; (2) Tangible Personal Property; (3) Securities; (4) Real Estate; (5) Remainder Interests in Property; (6) Bargain Sales; (7) Life Insurance Policies; (8) Charitable Gift Annuities; (9) Charitable Remainder Trusts;

(10) Charitable Lead Trusts; (11) Retirement Plan Beneficiary Designations; (12) Bequests; (13) Other Property.

1. Cash

Gifts in the form of cash, checks and credit cards shall be accepted regardless of amount.

2. Tangible Personal Property

Jewelry, artwork, collections, and other personal property shall not be accepted unless the employee, agent, or volunteer working on behalf of the Foundation shall have reason to believe the property has a value in excess of \$5,000.

No personal property shall be accepted by the Foundation unless there is reason to believe the property can be quickly disposed of, or can be directly used in the furtherance of the work of the Foundation. This will be determined by a committee made up of both Lock Haven University and LHU Foundation representatives.

No personal property shall be accepted that obligates the Foundation to ownership of it in perpetuity.

No perishable property or property which will require special facilities or security to properly safeguard will be accepted without prior approval of the Board of Directors.

Gifts of personal property should be accompanied by an appraisal qualified under the terms of the Internal Revenue Code.

Items donated for special events, to be consumed, used for prizes, auctions or designated for special collections (such as books) shall generally be exempt from this section.

3. Securities

Securities which are traded on the New York, American, or NASDAQ Stock Exchanges, or other readily marketable securities, shall be accepted by the Foundation. Such securities will be managed in accordance with the Foundation's investment policy and sold immediately and the gift value will be determined by the day the gift was received.

Non-publicly traded securities may only be accepted upon approval of the Board of Directors, or its designee. Such securities may be subsequently disposed of only upon approval of the Board of Directors, or its designee. No commitments shall be made for the repurchase of such securities by the Foundation prior to the completion of a gift of such securities.

4. Real Property

No gift of real estate shall be accepted without prior approval by the Board of Directors, or its designee.

No gift of real estate shall be accepted without first receiving a professional appraisal by a party selected by the Board of Directors.

In general, residential real estate located outside the continental United States with a value estimated by the donor or others at \$25,000 or greater will be accepted, unless the Board of Directors shall determine that the property is not suitable as a gift, or the Board chooses to make an exception in a specific case.

Real estate shall not be accepted to fund a charitable gift annuity without seeking an opinion as to the permissibility of this action under the laws of the state or states involved and approval by the Board of Directors.

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 the Foundation, and disqualification of certain split interest gifts unless handled in a proper legal manner.

Due diligence concerning environmental concerns shall be considered before accepting any gift of real estate. This may involve conducting an environmental audit of the property.

5. Remainder Interests in Property

A remainder interest in a personal residence, farm, or vacation property may be accepted subject to the provisions of this policy relating to Real Property. The donor or other occupants may continue to occupy the real property for the duration of the stated life.

At the death of the donor, the Foundation may use the property or reduce it to cash through sale or other disposition. When a remainder interest is accepted by the Foundation, expenses for

maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary. All gifts of remainder interests are subject to the approval of the Board of Directors.

6. Bargain Sales

The Foundation may enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Board of Directors for approval by the Foundation. Factors to be considered by the Board of Directors and used in determining the appropriateness of the bargain sale transaction include:

- Whether an independent appraisal substantiates the value of the property;
- The debt ratio of the property, if any, should be less than 50% of the appraised market value;
- Whether the Foundation will use the property or whether there is a market for the sale of the property allowing for sale of the property within 12 months of receipt;
- Calculation of the costs to safeguard, insure, and expense the property, including property taxes, during the holding period.

7. Life Insurance

The Foundation will encourage donors to name the Foundation to receive all or a portion of the benefits of life insurance policies which they have the ability to direct.

The Foundation will not, however, as matter of course agree to accept gifts from donors for the purpose of purchasing life insurance on the donor's life. Exceptions to this policy will be made only after confirming state laws to assure that the Foundation has an insurable interest under applicable state law.

No insurance products may be endorsed for use in funding gifts to the Foundation without the approval of the Board of Directors of the Foundation.

In no event shall lists of the Foundation's donors be furnished to anyone for the purpose of marketing life insurance for the benefit of donors and/or the Foundation. This policy is based on the widely accepted Donor Bill of Rights. This practice could also represent a conflict of interest, may

cause donor relations problems, and may subject the Foundation to state insurance regulation, should the activity construed as involvement in the marketing of life insurance.

The Foundation will not make any agreements or commitments to donors to keep donated life insurance policies in force for any period of time. In the event a donor does not continue to make gifts in the amount of premiums due on a donated policy, the Foundation in its sole discretion may continue to pay the premiums, convert the policy to paid up insurance, or surrender the policy for its current cash value.

The Foundation will generally not accept term insurance policies as gifts.

The Board of Directors is encouraged to seek advice from an independent insurance professional to assist them in resolving any questions or issues regarding gifts of insurance policies.

8. Charitable Gift Annuities

The Foundation will accept current and deferred gift annuities. Current gift annuities are those gift annuities where the payment begins within one year of the gift date. Deferred gift annuities are those gift annuities where the payment begins at least one year after the gift date.

The Foundation will accept gift annuities for one life, two lives in succession, or joint and survivor annuity agreements. In any event, gift annuity agreements will be limited to one life or two lives in being at the time of the gift.

The minimum actuarial age for current gift annuities 55 years of age. The minimum actuarial age for deferred gift annuities is 45 years of age.

The minimum amount for establishing a gift annuity shall be \$25,000.00.

The maximum payout rates for gift annuities offered by the Foundation shall conform to the maximum rates recommended by the American Council of Gift Annuities (ACGA), 233 McCrea Street, Suite 400, Indianapolis, Indiana 46255. Gift annuities may be accepted with a payout rate less than the maximum rate recommended by the ACGA.

The Foundation will ensure that it complies with all applicable state laws regarding the issuance of gift annuities including registration requirements, gift annuity reserve funds, and reinsurance.

9. Charitable Remainder Trusts

In general, the Foundation may serve as the sole trustee of a charitable remainder trust for the benefit of the Foundation or University.

The Board of Directors, and other employees and volunteers acting on behalf of the Foundation, should become familiar with the types of property generally accepted as suitable contributions to charitable remainder trusts. Employees, or others acting on behalf of the Foundation, shall not encourage donors to make gifts of any property to charitable remainder trusts which are not in keeping with such guidelines.

Cash, publicly traded stock, bonds and highly marketable properties are the preferred funding assets for charitable trusts.

No representations shall be made by any employee, or other persons acting on behalf of the Foundation, as to the manner in which charitable remainder trust assets will be managed or invested by the Foundation without the prior approval of such representation by the Foundation Board of Directors.

Charitable remainder trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Foundation while retaining income which may be needed by the donor or other persons chosen by the donor for any number of personal purposes. Such trusts shall not be marketed as tax avoidance devices or investment vehicles; as such activity may violate federal and/or state securities regulations.

The minimum amount to establish a Charitable Remainder Trust of which the Foundation Serves as a trustee is \$100,000.

10. Charitable Lead Trusts

The Foundation may accept a designation as income beneficiary of a charitable lead trust. In general, the Foundation may serve as the sole trustee of a charitable lead trust for the benefit of the Foundation. All gifts to charitable lead trusts shall be reviewed by legal counsel for the Foundation prior to completion of the gift.

11. Retirement Plan Beneficiary Designations

Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When 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.

12. Bequests

Gifts through estate plans shall be actively encouraged and solicited by the Foundation.

In the event of inquiry by a prospective legator, representations as to the future acceptability of property proposed to be left to the Foundation in a will, or through any other deferred gift arrangement, shall only be made in accordance with the terms and provisions of this document., shall only be made in accordance with the terms and provisions of this document.

Gifts from the estate of deceased donors consisting of property which is not acceptable shall be rejected only by action of the Board of Directors. A designated representative of the foundation shall expeditiously communicate the decision of the Board to the legal representatives of the estate. If there is any indication that the representatives of the estate or family member of the deceased is dissatisfied with the decision of the Board, this fact shall be communicated to the Board or to the appropriate member of the development staff as quickly as possible.

Attempts shall be made to discover bequest expectancies in order to reveal situations which might lead to unpleasant donor relations in the future. When possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Board of Directors

and every attempt should be made to encourage the donor involved to conform his or her plans to the Foundation's policy.

13. Other Property

Other property of any description including mortgages, notes, copyrights, royalties, easements, corporate ownership certification, whether real or personal, shall only be accepted by action of the Board of Directors, or its designee.

G. Naming Opportunities

Building:	10% of building cost
Rooms:	Based on purpose
College:	\$5M endowment
Endowed Dean:	\$2M
Endowed Chair:	\$1M
Research Award:	\$250K endowment or \$10K a year for five years (with signed pledge)
Faculty Award:	\$25,000K endowment or \$1,000 per year for five years
Scholarship:	\$25,000 established or \$10,000 growth endowment or at least \$1,000 per year for five years (with signed pledge)

H. PAYMENT OF FEES RELATED TO GIFTS

In general, the Foundation will pay NO fee to any person as consideration for directing a gift to the Foundation. 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 the Foundation, its management, and its Board of Directors to federal and state security regulation.

The Foundation may pay reasonable fees for professional services rendered in connection with the completion of a gift to the Foundation. Such fees will be paid only with prior written approval of the Board of Directors.

Such fees will be paid only following discussion with and approval by the donor.

Fees shall be reasonable, and directly related to the completion of a gift. They shall be limited to: appraisal fees by persons qualified to appraise the property involved and who have no conflict of interest; legal fees for the preparation of documents; accounting fees incident to the transaction; and fees of "fee for service" financial planners. In the case of financial planners, such persons must truthfully affirm 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.

In the case of legal, accounting and other professional fees, an attempt shall be made by the Board of Directors to ascertain the reasonableness of these fees prior to payment. An hourly breakdown of time should be requested. In case which fees appear excessive, the summary of fees shall be submitted to the Foundation's legal counsel for the review and approval prior to the payment.

In cases where the persons receiving fees were initially employed by the donor and the Foundation is asked to pay the 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.

In situations where advisors retained by the Foundation prepare documents or render advice in any form to the Foundation and/or a donor to the Foundation, it shall be disclosed to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor and that any documents or other advice rendered in the course of the relationship between the Foundation and the donor should be reviewed by the donor's legal counsel for the donor prior to completion of the gift.

I. VALUING GIFTS

The Board authorizes the Executive Director value gifts (other than cash, which should be valued at dollar face value) in an appropriate manner for the campaign or appeal, and in consonance with sound accounting principles. Full disclosure must be made to the donor when gift is valued higher than the value placed on the gift by the Internal Revenue Code in determining the amount of the deduction for the donor's income gift or estate taxes. When necessary the Board authorizes the Executive Director to adjust the value given to a gift in case of revaluation by the IRS.

Full responsibility rests on the donor for claiming any deductions including filing form 8283, and any appraisals or other documentation. Full responsibility also rests on the donor for the value given to tangible personal property or services, and donors will be expected to give the Foundation a written statement of value for these gifts. The Foundation will provide a receipt to the donor with no value.

J. ENDOWED FUNDS

The Foundation encourages donors to establish permanent endowed funds and allows donors to name them. The Foundation accepts unrestricted endowed funds, preferred use endowed funds, and restricted endowed funds. Funds must be \$10,000 or more at the time of establishment.

Should the provisions for the use of the income from this endowment cease to be effective or practicable, the Board is authorized to use such income in a manner consistent with the general intent of such provisions.

K. DECLINING OF GIFTS

Gifts may have to be declined under certain conditions including, but not limited to, the following:

1. The gift is restricted and would require support from other resources that are unavailable, inadequate, or may be needed for other organizational purposes.
2. The gift is restricted and would support a purpose or program peripheral to existing principal purposes of the Foundation, or create or perpetuate programs or obligations that would dissipate resources or deflect energies from other programs or purposes.
3. The gift would limit, or tend to limit, the overall strength of the Foundation.
4. The gift would injure the reputation or standing of the Foundation, or generate such controversy as to substantially frustrate and defeat the charitable purpose to be served.

L. MISCELLANEOUS PROVISIONS

1. Authority to Negotiate

The Board authorizes the Executive Director and his or her delegates to negotiate on behalf of the Foundation acceptable gifts (other than cash and listed securities). Gifts negotiated by the delegate must be in compliance with this policy.

The Board authorizes the Executive Director or any delegate working through the planned giving program, and any advisor or outside counsel deemed necessary, to negotiate life income gifts –

charitable remainder trusts, charitable lead trusts, pooled income fund gifts, gift annuities – both inter vivo and through estate planning.

2. Responsibility for IRS Filings Upon Sale of Gift Items

The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two (2) years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. The Foundation must file the form within 125 days of the date of the sale or disposition of the asset.

3. Acknowledgement of Gifts

Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements for receipting of such gifts shall be the responsibility of the Executive Director. Currently the IRS requires receipts for all gifts of \$250 or more.

Appendix A

Model Standards of Practice for the Charitable Gift Planner

Purpose

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

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

1. Primacy of Philanthropic Motivation

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

2. Explanation of Tax Implications

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

3. Full Disclosure

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

4. Compensation

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

5. Competence and Professionalism

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

6. Consultation with Independent Advisers

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

7. Consultation with Charities

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

8. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the

charity, the donor and, where applicable, the donor's family, should be apparent and the assumptions underlying any financial illustrations should be realistic.

9. Full Compliance

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

10. Public Trust

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

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991, Revised November 2017.