



**Gift Acceptance Policies**

BOARD APPROVED FEBRUARY 25, 2025

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## **I. The Purpose of Our Gift Acceptance Policies**

ArtCenter College of Design (“ArtCenter” or the “College”) and its trustees, leadership, advancement faculty, staff, chairs, and volunteers, seek and value philanthropy to help support, maintain, and grow its dynamic faculty; recruit and retain talented students; and support and enrich its programs, libraries, galleries, workshops, and facilities.

The responsibilities for this philanthropy are shared among the College and its associated entities who solicit current and deferred gifts from individuals, corporations, foundations, donor-advised funds, and government agencies to support and advance the mission of the College. The College’s Office of Advancement led by the Senior Vice President, Advancement is charged with overseeing these fundraising activities in the pursuit of common goals and is responsible for the management of such activities to ensure the legality of the processes and the accuracy and completeness of gift records. The Office of Advancement is further responsible for ensuring that gifts are appropriately stewarded, and that donors and their relationships with the College are responsibly cultivated, retained, and recognized.

The Board of Trustees has adopted these Gift Acceptance Policies (“Policies”) to serve as guidelines and parameters for the solicitation, acceptance, review, recording, and receipt of current and pledged gifts to the College. These apply to all gifts of support received by the College. The Board of Trustees will review these Policies on a regular basis.

## **II. Qualification and Registration**

ArtCenter is a California non-profit corporation and is a public charity as described in section 501(c)(3) of the Internal Revenue Code. Thus, the College qualifies under both federal and state law as a tax-exempt non-profit organization in which charitable contributions are deductible to the full extent of the law.

The College’s federal tax identification number is 95-192134

## **III. Ethical Standards**

ArtCenter is committed to the highest ethical standards governing donor engagement. All solicitations on behalf of the College shall comport with the standards in the Donor Bill of Rights, as developed by the Council for Advancement and Support of Education (“CASE”) and other such national organizations. Additionally, all fundraising staff shall adhere to the Model Standards of Practice for the Charitable Gift Planner, as adopted by the National Committee on Planned Giving, to the extent consistent with legal and other ethical requirements applicable to the College, with the College’s mission and reputation, and with these Policies.

## **IV. Disclaimer**

ArtCenter will not provide tax, legal, or accounting advice to donors, and all donors are urged to seek the assistance and guidance of their personal legal, financial, and tax advisors in connection with current or deferred gifts to ArtCenter.

## **V. Use of General Counsel**

ArtCenter retains the right to seek the advice of its General Counsel in matters relating to the acceptance and disposition of gifts, and it will seek such advice whenever deemed appropriate, advisable, or in the best interests of ArtCenter.

## **VI. General Standards and Restrictions on Gifts**

At its sole determination, ArtCenter may accept unrestricted gifts, as well as gifts restricted for specific programs or purposes provided that such gifts are not overly or improperly restrictive; are consistent with the College’s mission, purposes, and priorities; and comply with applicable state and federal law. ArtCenter reserves the right to amend donor restrictions that do not comply with applicable law and will work with the donor or donor representative whenever possible. All decisions regarding the acceptance of a gift shall be made in furtherance of the best interests of the College.

ArtCenter may elect to refuse any gifts that:

- A. Violate the terms of these Policies;
- B. Violate applicable law;
- C. Are for purposes that do not further the College's mission;
- D. Conflict with the College's core values or ethical standards;
- E. Could result in liability or reputational harm;
- F. Could create an undue financial, tax, administrative, or programmatic burden;
- G. Could jeopardize the College's tax-exempt status;
- H. Interferes with or inappropriately influences the College's academic freedom or its capacity to control the management, operations, and direction of its affairs;
- I. Could inappropriately influence admissions, faculty appointments, or other activities; or
- J. Provide a donor with goods or services of financial value in exchange for the donor's gift, unless such value is fully disclosed at the time and in a manner as required by law.

In accordance with the College's commitment to non-discrimination and in keeping with applicable law, proposed gift restrictions on the basis of race, color, national origin, sex, handicap or disability, age, sexual orientation, gender identity, religion, creed, ancestry, belief, or genetic information are not acceptable.

## **VII. What is Considered a Gift?**

A gift is defined as a voluntary transfer of assets from a person or an entity to the College where no goods or services are expected, implied, or forthcoming in return to the donor. Gifts usually take the form of cash, securities, real property, or personal property. The College is guided by standards set forth by CASE when questions of whether or not a particular transfer is considered to be a gift.

The following criteria generally identify a gift:

- A. Gifts are motivated by philanthropic intent.
- B. Gifts are transfers of assets to the College's control.
- C. The College is not obliged to return gifts or unexpended funds.
- D. Gifts are not generally subject to an exchange of consideration or other contractual duties between the College and the donor, except for certain planned gifts as outlined in these Policies, although objectives may be stated and funds may be restricted to specific purposes.
- E. An unrestricted gift may be used by the College at the College's own discretion.
- F. The donor may make a restricted-use gift by designating a specific purpose, fund or unit of the College, or by establishing a new fund with restrictions on its use (which the College is required to adhere to) or preferences on its use (which the College shall use to prioritize the expenditure of the gift.) Minimum gift levels may be established by the SVP Advancement for the acceptance of certain restricted gifts. For restricted gifts of \$10,000 or more, written documentation of the donor's intended purpose is recommended; for restricted or unrestricted gifts associated with a naming opportunity, a gift agreement shall be used to document the donor's intended purpose of the gift. See Naming Policies.
- G. Beyond those possible designations, the donor has no direct control over the use of a gift (for example, determining the recipient of a scholarship, fellowship, or professorship).
- H. Funds received from foundations, corporations, and corporate foundations will be classified as gifts unless they require performance or other considerations that may result in their being designated as a Sponsored Project (Studio, Research, or Workshop). In these cases, a portion of the funds designated towards directly supporting the College would be classified as a gift.
- K. The value of a person's or organization's time or service is not considered a charitable contribution.

## VIII. Gift Administration Fee

The College shall reserve the right to allocate a modest portion of restricted gifts to an unrestricted fund to provide essential support for the College's operational needs and ensure the College's ability to steward its donor resources. See Gift Administration Fee Policy.

## IX. Gift Approval, Discretion, and Decision-Making

- A. The Senior Vice President, Advancement shall approve the formal solicitation, negotiation, and acceptance of all gifts, including gifts of cash or property pertaining to programmatic activities.
- B. In the event that a gift raises legal or administrative concerns, the Senior Vice President, Advancement will consult with the President and the Chief Financial and Administrative Officer. If appropriate, the Senior Vice President, Advancement may consult with the Executive Cabinet, and include other College leaders (e.g., deans, chairs) depending upon the circumstances of the proposed gift and will seek guidance from the College General Counsel prior to recommending acceptance or refusal. In any instance of a difference of opinion among the President, the Senior Vice President, Advancement, Chief Financial and Administrative Officer and/or other members of the Executive Cabinet as to the advisability of accepting a particular gift, the recommendation of the President shall prevail.
- C. The Association of Fundraising Professionals' Code of Ethics will serve as a guide in evaluating cases of possible conflict with values and risk to reputation.
- D. The Senior Vice President, Advancement may, from time to time, delegate to an administrative staff member the handling of gift acceptance provisions as outlined in these Policies.
- E. The following sections address the most common types of gifts to ArtCenter and our standards and procedures for accepting and reporting them. These guidelines are designed to comply with applicable IRS rules and should be construed in such manner. To the extent applicable IRS or other Federal and state laws change in the future, these guidelines shall be deemed revised to the extent of such changes.

## X. Outright Gifts

ArtCenter will accept gifts of cash, marketable securities, non-marketable securities, gifts of tangible or intangible personal property (gifts in kind), real estate, among other types of assets.

### A. Cash, Checks and Credit Cards

1. ArtCenter will accept cash gifts in any form including by check, debit or credit card, wire transfer, or payroll deduction, regardless of amount.
2. Checks should be made payable to "ArtCenter College of Design," and in no event may a gift to ArtCenter be made payable to an employee, agent, or individual representative of the College.
3. Cash gifts will be counted upon receipt and recorded to the donor's giving record at actual cash value.
4. Cash or checks sent by mail will be counted as of the postmark date.
5. Debit and credit card gifts will be counted as of the date charged, or, if charging instructions were mailed, as of the postmark date.
6. Gifts of foreign currency will be valued at the U.S. dollar equivalent on the date the gift is received.
7. Prior authorization must be sought through the College Office of Accounting before any gift or pledge in excess of \$100,000 will be made by credit card. The donor will pay the cost of any credit card fees.

### B. Publicly-Traded Securities (Stocks and Bonds)

1. A publicly-traded security is listed on a national, regional, or foreign exchange in which quotations are published on a daily basis; a security that is regularly traded in the over-the-counter market for which published quotations are available; or a share in a registered mutual fund, quotations for which are published on a daily basis in a business news outlet of general circulation throughout the U.S.
2. ArtCenter may accept outright gifts of publicly traded securities, in one of the following ways:
  - a. Electronic transfer to an account at the office of ArtCenter's stockbroker;
  - b. Delivery of physical stock or bond certificate to an agent of the College; or

- c. Transfer on the books of the issuing corporation of a stock certificate registered in the name of ArtCenter.
- d. Such gifts will be counted and recorded as of the date on which the donor irrevocably transfers title to the securities to the College. If stock certificates are sent to ArtCenter via mail, the gift will be counted as of ArtCenter's receipt.
- e. The College's broker provides the value of a gift of publicly traded securities, which shall be the fair market value of such securities on the date of transfer. With respect to a publicly traded security, the fair market value is the mean average between the highest and lowest quoted selling price of such security on the date of its transfer to ArtCenter.
- f. In general, upon receiving gifts of publicly traded securities, ArtCenter will sell such securities at the earliest opportunity that is deemed to be in the best interests of ArtCenter. In some instances, this will result in a sale immediately upon receipt; in other instances, ArtCenter may deem it necessary or advantageous to delay or stagger such sale(s) based on particular facts and circumstances.
- g. ArtCenter may consult with tax, legal, or investment advisors in connection with the determination of the most advantageous manner in which to dispose of particular publicly traded securities.
- h. The Office of Advancement will issue a tax receipt reflecting the fair market value of the shares on the date that the stocks were transferred, as well as a description of the securities received.
- i. Gifts of mutual funds shares are also acceptable. Transfers of this type may take longer to complete. The value of the shares will be based upon the date of receipt by the College.
- j. In cases where a stock gift is submitted to pay off a commitment or pledge, funds in excess of the commitment or pledge will be allocated to the same purpose and booked as an outright gift. If the funds do not meet the commitment or the pledge, the donor will be responsible for fulfilling the commitment or pledge amount through a separate gift.

### **C. Closely Held Securities**

For these purposes, the term "closely held security" means a security other than a publicly-traded security, including debt and equity positions in non-publicly traded companies; partnership interests; membership interests in limited liability companies; or other forms of ownership in business entities.

1. ArtCenter may accept outright gifts of closely held securities upon the recommendation of ArtCenter's President, Chief Financial and Administrative Officer, or Senior Vice President, Advancement. All such proposed gifts should be reviewed (see section VIII of this Agreement: Gift Approval, Discretion, and Decision-Making) prior to acceptance to determine whether:
  - a. There are any restrictions on the security that would prevent ArtCenter from ultimately converting the security to cash in a manner that is in the best interests of ArtCenter;
  - b. The security is generally able to be liquidated within a reasonable period of time; and
  - c. The ownership and subsequent disposition of the security will generate any undesirable tax consequences for ArtCenter or expose ArtCenter to liability.
  - d. If ArtCenter determines to accept a gift of closely held securities, such gift shall be counted as of the date on which title to the securities is transferred irrevocably to ArtCenter.
  - e. The value of a gift of closely held securities shall be the fair market value of such securities. Fair market value shall be determined in the manner described in section Additional Policies and Procedures #D "Valuation and Reporting" section of these Policies.
  - f. Gifts of closely held securities will be sold as soon as reasonably practical.
  - g. Gifts that require an initial holding period or that impose other restrictions on transfer may be accepted subject to such holding period or other restriction, provided that ArtCenter's President, Chief Financial and Administrative Officer, or Senior Vice President, Advancement determines that acceptance of such gift subject to such holding period or other restriction is in the best interests of ArtCenter.

#### **D. Virtual Currencies**

The College does not accept gifts of virtual currencies, including cryptocurrencies.

#### **E. Real Estate**

The College may accept gifts of many types of real estate, such as residential, commercial, apartment buildings, vacation properties, and undeveloped land. In exercising the discretion conferred by these Policies to accept these gifts, the College shall take into consideration the feasibility of using, or disposing of, the proposed gifted property.

1. As a prerequisite to accepting any outright gift of real estate (whether land, buildings, or both), ArtCenter shall:
  - a. consult with General Counsel, and
  - b. obtain the recommendation of the President and Chief Financial and Administrative Officer and the Senior Vice President, Advancement to accept such a gift (see section VIII of this Agreement: Gift Approval, Discretion, and Decision-Making.)
  - c. In most circumstances, ArtCenter's objective when accepting gifts of real estate shall be to liquidate the property as soon as reasonably practical and in a manner that results in the most advantageous financial return to ArtCenter. Therefore, to be considered acceptable, a potential gift of real estate must generally meet the following criteria:
    - d. The real estate must have significant value in excess of:
      - i. the costs of holding and selling the property, and
      - ii. any reasonably foreseeable liability exposure in connection with ArtCenter's ownership of the property.
    - e. The real estate should be readily marketable at or near its appraised value within a reasonable period of time following ArtCenter's receipt of the property.
    - f. The real estate should be free from any liens, loans, mortgages, or other special conditions that could:
      - i. cause ArtCenter to incur significant potential additional expense, risk, or liability; or
      - ii. place undue burdens on ArtCenter in maintaining the property prior to sale.
2. In the event that ArtCenter is considering a gift of real estate that ArtCenter anticipates using in furtherance of its own educational or other charitable purposes, in order to be considered acceptable, such a potential gift of real estate should be free from any liens, loans, mortgages, or other special conditions that would restrict ArtCenter's ability to use such property in the manner that ArtCenter determines best for furthering its purposes.
3. Gifts of real estate shall be counted as of the date on which title passes irrevocably to ArtCenter, and at the fair market value of the property as of such date. The fair market value shall be determined in consultation with a real estate appraiser in the manner described in the "Valuation and Reporting" section of these Policies.
4. A "life estate gift" is a gift of real estate in which the donor (or another current user of the property) retains the current right to use the property for the duration of the life of a certain person or persons known as the "life tenant(s)", while the "remainder interest" in such property is transferred to ArtCenter. Life estate gifts will be accepted by ArtCenter subject to the same conditions previously stated; provided, however, that ArtCenter will generally not liquidate the property (or ArtCenter's interest therein) until the remainder interest in such property is transferred to ArtCenter. Additionally, if ArtCenter determines to accept a life estate gift, ArtCenter and the donor (and, if applicable, the life tenant) shall enter into an agreement setting forth the following:
  - a. The donor (and, if applicable, the life tenant) shall remain responsible for the payment of:
    - i. mortgages, taxes, and insurance (including property insurance with ArtCenter as loss payee);
    - ii. general liability insurance with ArtCenter named as additional insured;

- iii. other appropriate insurance as determined by ArtCenter; and
    - iv. utilities, maintenance and repairs, general upkeep, and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses;
  - b. Neither the donor nor life tenant shall violate, nor allow to be violated, any laws, ordinances, easements, or homeowners' association rules or covenants that apply to the property;
  - c. Neither the donor nor life tenant shall be permitted to make changes to the property, other than maintenance and repairs, or allow liens to be placed on the property, without the written approval of ArtCenter.
  - d. Following the transfer of a life estate gift, ArtCenter may require the donor (and, if applicable, the life tenant) to provide ArtCenter with proof of payment for applicable items, certificates of insurance, or such other items as ArtCenter may reasonably request to demonstrate compliance with the terms set forth herein.
  - e. Life estate gifts shall be reported as planned gifts (see Planned Gifts). The value of such gifts shall be the present fair market value of the remainder interest as of the date on which title to the remainder interest in the property passes irrevocably to ArtCenter, and such gifts shall be counted as of such date.
5. ArtCenter will evaluate bargain sales of real estate on a case-by-case basis. Bargain sales will be accepted by ArtCenter subject to the same conditions previously stated and the following additional requirements:
- a. The price paid for the real estate by ArtCenter should not exceed 60% of the appraised fair market value of the real estate.
  - b. The real estate should be readily marketable within a reasonable period of time (and in no event greater than 12 months after receipt) at or close to its appraised value.
  - c. ArtCenter will secure title insurance on all real estate acquired by gift or bargain sale. All real estate acquired by gift or bargain sale will be reported to ArtCenter's insurance carrier for inclusion in its insurance policies.
6. Prior to the acceptance of a gift of real estate, ArtCenter shall require a due diligence review that includes but is not limited to the following:
- a. A title insurance commitment showing marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable to ArtCenter;
  - b. A "qualified appraisal" (See Section D "Valuation and Reporting);
  - c. A phase one environmental audit by a qualified engineer indicating that ownership will not expose the ArtCenter to environmental liabilities (if applicable);
  - d. A market feasibility study for the real estate (if applicable);
  - e. An American Land Title Association survey of the property by a registered land surveyor, or equivalent if outside the U.S.;
  - f. Evidence of compliance with the Americans with Disabilities Act and analogous state laws (if applicable);
  - g. A structural engineering report (if applicable);
  - h. A review of any leases and similar documents, including but not limited to proof of tenant's insurance;
  - i. A disclosure statement for residential property, if required by applicable law;
  - j. A physical inspection; and
  - k. A cash flow statement of the property (if applicable).



7. Donor shall pay all costs incurred in connection with the transfer of the property, including any costs of complying with the requirements listed above.

#### **F. Tangible Personal Property**

Outright gifts of tangible personal property (such as automobiles, artwork, collections, and other personal property) may be accepted by the Senior Vice President, Advancement in consultation with the Chief Financial and Administrative Officer and others when necessary (see section VIII of this Agreement: Gift Approval, Discretion and Decision-Making). Prior to accepting the gift, ArtCenter shall:

1. Encourage the donor to sell such property and donate the proceeds to the College.
2. Determine whether such tangible personal property is able to be used in furtherance of the educational, artistic, literary, or other charitable purposes of the College, and it shall communicate such determination to the donor.
3. Determine whether the value of the property exceeds the administrative and financial burden of receiving the property and selling it, and the period of time within which it must be sold. According current IRS regulations, the College must report a sale to the IRS if it occurs within three years of the donation. (See Section D "Valuation and Reporting");
4. Determine if the property furthers the mission of the College, or if it is overly burdensome or costly to retain, store, or own the property until such point as it can do so, it will not be accepted.

Acceptable gifts of tangible personal property will be counted at the time of their irrevocable transfer to the College.

#### **G. Intangible Personal Property, Intellectual Property and Discounts**

Offers of all gifts of intangible personal property, including but not limited to patents, copyrights of artistic works, and computer software under Advancement, will be evaluated by the Senior Vice President, Advancement in consultation with the President, and Chief Financial and Administrative Officer (see section VIII of this Agreement: Gift Approval, Discretion and Decision-Making).

1. ArtCenter shall comply with all applicable IRS guidance regarding contributions of intangible personal property, including but not limited to providing the donor with ongoing reports of amounts generated by such property while in the possession of ArtCenter.
2. For purposes of counting intangible gifts and gifts-in-kind toward ArtCenter fundraising campaigns, the following guidelines shall apply:
3. If a vendor offers to sell a product to the College at a deep discount, the vendor should provide a bill of sale clearly indicating the retail (or standard educational discount) price, the amount of the present discount, and the net cost. The amount of the present discount will be treated as a gift, provided it is not a discount routinely provided to the College.
4. Gifts of royalties (e.g., from patents, music, etc.) will be counted over time, as payments are received by the College.
5. Ownership of gas, oil, or mineral facilities will be counted at the readily determinable face (or fair market) value. Gifts of royalties from facilities not owned by the College will be counted as payments are received by the College. The SVP for Real Estate and Operations and the Chief Financial and Administrative Officer must review and recommend acceptance all such gifts.

#### **H. Life Insurance**

Outright irrevocable gifts of life insurance policies will be accepted by ArtCenter upon recommendation of the Senior Vice President, Advancement in consultation with the Chief Financial and Administrative Officer, and with the following considerations:

1. Such gifts will be counted at the time of the irrevocable transfer of ownership of the policy to ArtCenter.
2. When the donor names the College both as owner and irrevocable beneficiary of a partially or fully paid-up whole-life policy, the gift will be counted at the cash surrender value as identified in writing by the insurance provider.
3. If the policy is new or not fully paid up, premium payments made by the donor to the College will be

counted as additional outright gifts.

4. When a donor names the College as the beneficiary, but not the owner, of an insurance policy, the gift will be counted at the full amount of the insurance company's settlement at the donor's death on the date the College receives the proceeds.
5. The College will count realized death benefits as gifts only if it has never previously recorded the policy value or donor-paid premiums as gift income and if it has not been paying the premium.

#### **I. Employer-Sponsored Matching Gifts**

An employer-sponsored matching gift is when a donor makes a gift and requests a matching gift from their employer. The employer then makes their own donation to the nonprofit. Companies usually match donations at a 1:1 ratio, but some will match at a 2:1, 3:1, or even a 4:1 ratio.

1. A matching gift may be received from a company or a company-funded foundation, matching a gift given to the College by an employee, retired employee, or sometimes the spouse of the employed individual.
2. A matching gift will be credited to the same accounts in the College's database of record as the original gift unless restricted by the matching company.
3. Matching gifts cannot be entered as a payment on a personal pledge made by an individual as the funds are not under the direct control of the donor.

#### **J. Donor Advised-Funds**

Donor-advised funds (DAFs) are agreements established with public charities sponsoring such programs that allow donors to make charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time.

1. Gifts to the College from DAF-sponsoring charities are typically accepted in the form of checks or electronic transfers and processed accordingly.
2. No tax receipt will be issued to the individual who recommended a College gift to the DAF-sponsoring charity however, acknowledgment of the gift, including the gift's value, will be included on the individual's giving record.

#### **K. Gifts from ArtCenter Faculty and Staff**

ArtCenter is grateful for gifts from members of its faculty and staff. The College recognizes that employees may wish to make gifts in support of programs they oversee or are responsible for administering.

1. Due to IRS regulations, in order for a gift to qualify for a charitable deduction, the donor may not personally benefit from and/or control these gifts.
2. Therefore, faculty and staff who make a gift to such a program may not authorize use of those gifts for personal benefits or uses such as support for:
  - a. the donor's salary;
  - b. consumer goods to be used by the donor;
  - c. the donor's research, or other professional activities;
  - d. personal travel by the donor; or
  - e. to provide scholarship or fellowship assistance to the donor, to a close relative, or to a person of their choice.
3. Faculty and staff who make a gift to such a program may not then participate in the administering of that program in such a way that confers a benefit to the donor or determines a beneficiary of the donor's gift.

## **L. Anonymous Gifts**

1. As a general rule, the College does not accept anonymous gifts.
2. However, a donor's record may be marked anonymous upon approval of the Senior Vice President, Advancement.
3. Anonymity of a gift might be granted for a donor who wishes to protect their privacy; however, these donors are not anonymous to College leadership nor to the staff of the Office of Advancement. Donors should be made aware of this.
4. In addition, a gift might be marked temporarily anonymous until such time as it is publicly announced or recognized.

## **M. Planned Gifts**

### **1. Charitable Gift Annuities**

- a. ArtCenter is not licensed to issue Charitable Gift Annuities. The College can, however, refer interested donors to an outside partner to issue the annuity, and the donor can name ArtCenter to receive the remainder or final residual balance.

### **2. Charitable Lead Trusts (CLT)**

- a. Charitable Lead Trusts (CLT). ArtCenter may be named as a beneficiary of a charitable lead annuity trust (CLAT) or a charitable lead unitrust (CLUT).
- b. Gifts of CLTs shall be counted in the manner described below.
- c. If the Trustee or another party has the ability to change the charitable beneficiary of a CLAT or a CLUT, a gift will be recorded only as ArtCenter receives payments pursuant to such CLAT or CLUT.

### **3. Charitable Remainder Trusts (CRT)**

- a. ArtCenter may be named as the remainder beneficiary of a charitable remainder annuity trust (CRAT) or a charitable remainder unitrust (CRUT).
- b. Gifts of CRTs shall be counted in the manner described below.
- c. If a Trustee or another party has the ability to change the charitable remainder beneficiary of a CRAT or a CRUT, a gift will be recorded only as ArtCenter receives payments pursuant to such CRAT or CRUT.

### **4. Valuation of Charitable Trust Gifts**

- a. If ArtCenter is the named beneficiary for all or a portion of a CLT or CRT, the creation and funding of such CLT or CRT shall be recorded as a gift equal to the present value of ArtCenter's interest in such trust.
- b. In determining the value of charitable gifts of this kind, ArtCenter shall utilize standardized calculations based on the donor's birth date, the date of the gift, the trust amount, the pre-determined payout schedule, and any other factors deemed relevant by ArtCenter.
- c. The calculated present value of the gift will be used as the gift amount for all purposes of donor recognition. Such gifts will be counted as future commitments.

### **5. Guidelines for Serving as a Trustee of a Charitable Lead or Remainder Trust**

- a. ArtCenter may serve as the trustee of a CLT or a CRT, as determined by the SVP, Advancement in consultation with the Chief Financial and Administrative Officer on a case-by-case basis, subject to the following conditions:
- b. The gift to the trust must be \$100,000 or more.
- c. The trust may hold real estate or other illiquid assets only in the case of a net income charitable remainder unitrust (NICRUT), a net income with makeup provision charitable remainder unitrust (NIMCRUT), or a "flip" CRUT.

- d. ArtCenter reserves the right to decline to serve as trustee of any CRAT or CRUT the remainder value of which is likely to be unsubstantial.

## 6. Bequests

- a. A bequest will not be recorded as a gift until the donor has died and ArtCenter's interest becomes irrevocable.
- b. If the bequest is irrevocable but is not due until a future date, the present value may be recorded as a gift at the time the bequest becomes irrevocable. **Beneficiary Designations**
- c. A donor may name ArtCenter as the primary or secondary beneficiary of an asset such as a retirement plan or insurance policy, or name ArtCenter as the payable-on-death (POD) or transfer-on-death (TOD) beneficiary of an account or other asset. Donors can contact the administrator of their plan to receive the correct forms to sign.
- d. Such a designation will not be recorded as a gift until the gift becomes irrevocable (typically, upon the death of the donor).
- e. If the designation is irrevocable but is not due until a future date, the present value may be recorded as a gift at the time the designation becomes irrevocable.

## XI. Sponsorships

### A. Events

1. Sponsorships are payments by an individual or entity in a trade or business in which there is no arrangement or expectation that the person will receive any substantial return.
2. Sponsorships are generally considered gifts unless the sponsor receives something of value as part of the sponsorship, such as meals or event tickets. In these cases, the value of the items received must be subtracted from the sponsorship amount.
3. All events must have the review and approval of the Director Special Events who will also ensure the required facilities agreements are executed before the event.

### B. Educational

1. All corporate and foundation-funded educational sponsorships or partnerships, including Sponsored Projects, Studios, Workshops and Designstorms, must involve the Office of Advancement, which is responsible for overseeing the execution of all legal gift agreements for these sponsorships or partnerships.
2. The Office of Advancement is also charged with collaborating with College departments and stakeholders in educational sponsorships to ensure the responsible stewardship of these sponsorship gifts, and for acknowledging, recording, and recognizing sponsors on behalf of the College.
3. All corporate and foundation sponsorships of educational programs requires the creation of a restricted fund through an Educational Partnerships Fund Creation Form. This form must be completed and circulated for approvals prior to the project commencing.
4. Sponsorships are generally considered gifts unless the sponsor receives something of value as part of the sponsorship. In the case of Sponsored Projects, Studios, Workshops and Designstorms when a sponsor wishes to purchase for example student intellectual property created during the collaboration, these negotiations are contracted between the sponsor and the students.

## **XII. Gifts to the Endowment**

- A. Any gift received that is directed by the donor to the College's endowment or quasi-endowment will be managed and spent in accordance with the College's Endowment Investment and Spending Policies, which is voted on by the Board of Trustees.
- B. If the minimum amount required to establish a donor endowed fund is not reached, the College shall contact the donor to agree on an alternate use for the fund and if the donor is unreachable shall have the right to consider the fund expendable towards the donor's intended purpose, to the extent feasible.
- C. The minimum gift required to establish an endowed fund shall be determined by the Senior Vice President, Advancement in consultation with the President, and Chief Financial and Administrative Officer (see section VIII of this Agreement: Gift Approval, Discretion and Decision-Making).

## **XIII. Namings**

- A. In reliance on and in recognition of major gifts, or as a means of honoring a member of the ArtCenter community, the names of donors or other honored individuals or organizations may be linked with the College through appropriate naming opportunities, including but not limited to scholarship or programmatic funds, buildings or other physical spaces indoor and outdoor, academic departments, dean, chair and faculty positions, etc. Any naming shall be recorded by the College in a donor Gift Agreement.
- B. The minimum gift required to establish a particular naming shall be determined by the Senior Vice President, Advancement in consultation with the President, and Chief Financial and Administrative Officer (see section VIII of this Agreement: Gift Approval, Discretion and Decision-Making).

## **XIV. Auctions**

### **A. Campus Auctions**

1. All campus auctions must be approved by the Office of Advancement prior to the event date.
2. Items donated for sale at a campus auction are not considered for a related College educational purpose according to the IRS. Therefore, the tax receipt that will be issued to the individual who donated the item will list the item donated, but no value. Auction donors must be made aware of this fact.
3. The fair market value of each donated item must be clearly indicated in the information posted about the item at the auction.
4. A tax receipt can only be issued to a purchaser of an auction item only if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item.
5. Additionally, tax receipts will be issued only for items that were sold at the auction. Unsold items generally will not be considered gifts to the College due to the lack of related use to the College's educational purposes and may be returned to the person who donated the item.

### **B. External Auctions**

1. The Office of Advancement should be made aware of external auctions hosted by other entities for the purpose of raising funds for ArtCenter prior to the event date.
2. Items donated for sale to an auction hosted by an external entity (such as a gallery) are not gifts to the College, but are being consigned to the external entity for sale.
3. If the donor of an item to the auction subsequently makes a gift to ArtCenter of the proceeds from the sale of their donated item, ArtCenter will record the gift as an outright cash gift to the individual's record and issue a tax receipt for the full amount. The entity that hosted the auction will be soft-credited for the same amount.
4. If the entity that hosted the auction makes a subsequent gift of the auction proceeds to ArtCenter, the gift will be recorded as a cash gift to the organization's record and the organization will receive a tax receipt. The individuals who donated the items for sale will be soft credited for the gift and will not receive a tax receipt.
5. A Memo of Understanding Agreement should be in place prior to any external auction.

## **XV. Raffles**

- A. All campus event raffles must be approved by the Office of Advancement in advance of the event.
- B. Purchase of a raffle ticket is not a gift under IRS regulations, and no gift credit or tax receipt will be issued. (See the State of California Department of Justice website regarding taxation issues related to raffle winnings.)

## **XVI. Other Gifts**

- A. In the case of a proposed gift of a type not described in the preceding provisions of these Policies, the decision to accept or refuse such gift shall be undertaken by the Senior Vice President, Advancement in consultation with the President and the Chief Financial and Administrative Officer. (See section VIII of this Agreement: Gift Approval, Discretion and Decision-Making.)
- B. The Board of Trustees shall approve any such gift (if at all) only after a review and recommendation of acceptance by one or more of the College's President, Chief Financial and Administrative Officer, or Senior Vice President, Advancement.
- C. All such decisions shall be made on a case-by-case basis, taking into account all relevant facts and circumstances.

## **XVII. Additional Policies and Procedures**

### **A. Policy for Acknowledging Gifts including Gifts-in-Kind**

1. Acknowledgment of all gifts made to ArtCenter (including but not limited to compliance with applicable IRS substantiation requirements) shall be the responsibility of the Office of Advancement.
2. For gifts of cash, ArtCenter will issue a tax receipt for the amount of the cash received, noting the value of any goods or services provided.
3. For gifts-in-kind, once the Gifts-in-Kind Acceptance Form has been accepted and submitted for processing, a representative of the Office of Advancement will issue the donor a tax receipt.
4. Consistent with IRS guidelines, ArtCenter will not assign a monetary value to any gift-in-kind, but may provide a letter to the donor that will include a description of the donated goods.
5. In addition to a tax receipt, gifts of certain types and levels will also be acknowledged with thank-you communications (e.g., letter, phone call, or other means).

### **B. General Principles of Campaign Pledge Counting and Reporting**

1. Scope of Campaigns
  - a. Campaigns will have an official period, with clear start and end dates.
  - b. Only gifts and pledges actually received or committed during the period of a given campaign will be counted toward the campaign total for such campaign.
  - c. The "quiet phase" (i.e., the period of time prior to public announcement of a campaign during which lead gifts are solicited) shall be considered a part of such campaign. Lead gifts will be clearly solicited and noted with donors, with defined public announcement parameters for once a campaign has launched.
  - d. Any single gift or pledge may be counted to only one campaign.
  - e. Gifts and pledges made as part of one campaign will not be counted for purposes of any other campaign (even if received during the reporting period of a subsequent campaign).
  - f. The value of canceled pledges will be subtracted from campaign totals at such time as ArtCenter determines that such pledges will not be fulfilled.
  - g. Comprehensive campaigns shall encompass annual, capital, and endowment gifts.

- h. The types of gifts that will be accepted, counted and reported during any given campaign will remain consistent throughout the duration of such campaign and adhere to CASE and Partnership for Philanthropic Planning standards.
- i. Non-campaign amounts shall not be counted toward campaign totals, even if such amounts are received during the term of a given campaign.
- j. By way of example and not limitation, campaign totals shall not include net income generated by other ArtCenter operations that is allocated to projects for which campaign funds are being raised, nor gain or loss which is realized on the disposition of donated assets, where the disposition of the asset occurs after its irrevocable transfer to ArtCenter.

### **C. Pledges**

1. Designated College Advancement staff draft pledge commitments using templates approved by the SVP, Advancement and the College's General Counsel.
2. In order to be counted, a pledge or other definite commitment must be written and specify:
  - a. a gift of a specific dollar amount that will be paid within a stated period (not to exceed five years); or
  - b. specific property that will be donated within a stated period (not to exceed five years). If a donor wishes to extend a pledge over a period longer than five years, the dollar amount of such pledge must be at least \$1 million and the pledge period must be reviewed and recommended for acceptance by the President, Chief Financial and Administrative Officer, and Senior Vice President, Advancement. (see section VIII of this Agreement: Gift Approval, Discretion and Decision-Making).
  - c. Oral pledges and commitments will not be included in fundraising totals.
  - d. The College may, in its sole discretion, accept a signed "letter of intent" from a known donor who prefers such an arrangement to a signed pledge agreement. However, a letter of intent will be counted only if it specifies a set amount for the gift or the specific property to be donated in the manner described herein.
  - e. The Senior Vice President, Advancement must review and recommend for acceptance all such letters of intent. Letters of Intent that do not set forth the specific amount of the intended gift or the specific property intended to be donated shall not be included in fundraising totals.

### **D. Valuation and Reporting**

1. The donor must generally obtain a "qualified appraisal" prepared by a "qualified appraiser" (as such terms are defined for Internal Revenue Service purposes) for any donation of property giving rise to a deduction of more than \$5,000. (Under IRS rules, certain exceptions apply.)
  - a. The appraisal must be made within (60) days before the date of the transfer, and before the filing of the tax return on which the donor claims a charitable deduction in connection with such gift.
  - b. The donor is responsible for securing such appraisal and paying any fees associated with obtaining such appraisal.
  - c. Additionally, the donor shall consent to provide ArtCenter with a copy of such appraisal for purposes of establishing the fair market value of the real estate; provided, however, that ArtCenter retains the right to obtain a separate qualified appraisal at its own expense and for its own use.
  - d. A gift of property worth \$5,000 or less may be valued for counting purposes by appraisal, by the donor via his or her purchase records, or by a qualified expert on the College's faculty or staff (excluding the gift officer handling the gift).
  - e. For gifts of closely-held securities valued at \$5,000 or less, the fair market value of such securities may be determined by appraisal, by the per-share cash purchase price of recent transactions, or by an independent certified public accountant that maintains the books for the issuing corporation.
  - f. ArtCenter shall cooperate with donors in completing IRS Form 8283 in connection with the donation of any non-cash gift. If ArtCenter sells a gift of property within three years of receipt, the sale will be reported to the IRS to the extent required by IRS Form 8282. In such cases, a copy of the completed Form 8282 will be provided to the applicable donor.