

I. INTRODUCTION

It is essential to have qualitative and quantitative guidelines to assess the acceptability of gifts made to College of the Atlantic (COA). These guidelines—carefully drawn, and impartially applied—should serve to prevent misunderstanding between donors and the College as well as among volunteers, and help to ensure the optimal use and accountability of funds received as gifts. Further, gift policies provide guidelines for those who engage directly in fund-raising activities as well as those who manage the resultant gift income to the College. Guidelines must be flexible and realistic in order to accommodate unpredictable giving situations and opportunities as well as variability in donor expectations.

All fund-raising efforts on behalf of College of the Atlantic must be approved by and reflect the roles of the President and the Development Office. To avoid inconsistency and duplication of effort, the Development Office should be solely responsible for the receipt, processing, acknowledgment and documentation of all gifts to the College.

II. DEFINITIONS AND AUTHORIZATIONS

A. Definitions

1. The legal name of the institution is College of the Atlantic.
2. A **gift** is defined as a voluntary, irrevocable transfer of assets from an individual or private organization to the College.
3. A **pledge** is defined as a written statement of an intention to make a gift or grant to the College signed by the donor or his/her authorized agent; or, a written letter of agreement to make a gift or grant, signed by a COA representative, a copy of which has been provided the donor and a copy of which is on file in the Development Office.
4. A **deferred gift**, including those that are revocable, of any asset acceptable hereunder, including cash, which may be payable through any of the following:
 - Charitable Remainder Unitrust or Annuity Trust;
 - Charitable Lead Unitrust or Annuity Trust;
 - Charitable Gift Annuity;
 - Pooled Income Fund;
 - Designation under a Retirement Plan, including “Income in Respect of a Decedent” assets;
 - Life Insurance proceeds or policy

5. A **bequest** is defined as a gift by will of personal or real property. A provision in a will shall not normally be recorded as a pledge unless two conditions are met: 1) The donor is age seventy-five or older; and 2) Appropriate written documentation, which places a dollar value on the bequest intention, has been received by the College.
6. A **grant** is defined as a voluntary transfer of assets or awards to COA from a corporation, foundation, or association for specific or general purposes.

B. Authorizations

1. The Board of Trustees of College of the Atlantic has full and final authority over all policies and procedures for solicitation activities and acceptance of gifts to the College. With certain exceptions provided for herein, such authority has been delegated to the Dean of Development and/or the President.
2. The Dean of Development is responsible for the development of policies for Board approval and subsequent implementation of Board-approved policies. Only the President, Dean of Development and officers of COA are authorized to accept gifts to the College.
3. Solicitation of all gifts from individuals, foundations or corporations must be cleared through the Dean of Development.
4. No general or group solicitation of funds for specific purposes may be undertaken by the staff or by any department or operating unit of the College without the approval of the Dean of Development.
5. No fund-raising consultants, individuals or firms will be hired or work for the College or any department thereof without the approval of the President and the Dean of Development.
6. The Development Office is responsible for the following functions:
 - a) coordinating and controlling the solicitation, receipt, acknowledgment, documentation and stewardship of all gifts to COA;
 - b) transmitting and documenting cash and non-cash gifts to the Business Office for timely deposit and safeguarding of gift receipts;
 - c) documenting all pledge and gift receipts for input to the financial accounting system;
 - d) following up on and collecting pledge payments; and

- e) implementing and enforcing the gift policies as adopted by the Development Committee.
7. Terms of a gift must not be discriminatory regarding race, religion, color, age or gender.
8. The Dean of Development and President, in consultation with the Chair of the Development Committee when necessary, will interpret policies as they apply to specific gift receipts. Representatives from individual departments or programs will be consulted on a per case basis.
9. Any requests for waivers to the general procedures regarding gifts and bequests will be referred to the Development Committee.
10. Any exceptions to, or variations from, the statements of policy that follow will be made only after a vote of the Development Committee.

C. Gift Assignment

1. All gifts received will be assigned to a specific restricted or unrestricted gift category as outlined in Section IV, "Purpose of Gifts."
2. Authority for the assignment of restricted or unrestricted gifts is set forth in Section IV, "Purpose of Gifts."
3. Gifts will be recorded exclusively by the Development Office and will be recorded by donor, by date, by purpose (general ledger account number) and by the solicitation program (Annual, Capital, etc.) with which they are affiliated. After recording, all gifts, securities and original documents such as wills, trusts, deeds, annuity agreements, contracts and correspondence establishing restrictions on such gifts will be deposited into the custody of College of the Atlantic.
4. Under corporate matching gift programs, matching gifts will be credited to the fund-raising program and to the purpose for which the donor's gift was made, as long as it is consistent with the company's policy.

D. Pledges and Letters of Intent

1. All pledge documentation will be maintained by the Development Office.
2. Pledges for special projects or campaigns will generally be limited to

five years. A pledge of longer duration must be approved by the Development Committee.

3. Pledges made before the campaign accounting period will be credited to the campaign only where they pertain to campaign objectives. Payments made during the campaign accounting period in fulfillment of such pledges will be credited to the campaign. Payments made after the campaign accounting period on pledges made during the campaign period will be credited to the campaign.
4. If the donor creates a Lead Trust (see Section III.F.3.d.), the total anticipated income may be recorded as a pledge; in such cases, the payment period may exceed five years, but may not exceed the period of the trust.

E. Gift Reporting

For campaign and fund-raising reporting purposes, gifts will normally be credited according to the standards promulgated by the Council for Advancement and Support of Education, which among all non-profit associations has the most fully developed set of such standards.

It should be acknowledged that these standards are different in some respects from FASB and AICPA standards (as in the asset value of irrevocable planned gifts). Accordingly, it is acknowledged that a complete understanding of the impact of fund-raising results requires a review of both fund-raising reports and institutional financial statements. (See also IV, "Purpose of Gifts," Introduction, below.)

For internal reporting purposes, the College may also use the National Committee on Planned Giving Standards of Valuation for Planned Gifts.

III. ACCEPTANCE AND VALUATION OF NON-CASH GIFTS

A. General

Employment of Counsel. In some circumstances, it is prudent for the College to work with legal counsel in structuring significant gifts. When these circumstances arise, the College employs, at its own expense, counsel who is independent of both the College and the person making the gift. The instances in which the College expects to work with counsel are identified herein.

We encourage donors to consult their own legal and tax counsel as their needs may require, and we ask that all potential contributors to the College understand that counsel working with the College to structure a gift cannot also work with or represent the person making the gift.

The College and its employees and agents are prohibited from advising donors about the tax consequences of their donations, so donors should seek advice on the tax ramifications of any gift to the College from independent legal or tax advisors. The College will comply with the *Model Standards of Practice for the Charitable Gift Planner* promulgated by the National Committee on Planned Giving, shown as an appendix to this Policy.

Acceptance Process. Some gifts to the College are more complex than others. In the cases of certain kinds of gifts, the College requires that the acceptance of the gift be approved by the Executive Committee of the College's Board of Trustees (the "Committee"). The sorts of gifts that require the approval of the Committee are identified below. In any case where acceptance by the Committee is required and the Committee is in doubt about whether the gift should be accepted, the matter may be referred to the full Board for consideration. Gifts that do not need to be accepted by the Committee may be accepted by the Dean of Development or the President of the College on the College's behalf.

1. A non-cash gift is defined as any charitable gift other than cash or a check. This includes marketable securities, closely-held stock, real estate, tangible personal property, and life insurance. The policies outlined in this section apply to all non-cash gifts whether made outright or in the form of a planned gift.

2. Gifts will be valued for the purpose of recording in the books of record on the date they are delivered to and accepted by COA. Gifts of property cannot be considered complete until they include all legal documentation necessary to transfer title to the College.

3. Establishing the Value of Donated Property. It is the policy of the College to comply fully with the valuation rules set out in Publication 561 of the Internal Revenue Service and the relevant income, gift and estate tax laws and regulations. Copies of Publication 561 are available at www.irs.gov or at the College's Development office. Property contributed to the College that has a value in excess of \$5,000 must be accompanied by an independent appraisal unless it consists of (i) cash, (ii) marketable securities, (iii) closely held securities with a value of \$10,000 or less, (iv) a vehicle, the value of which will be determined by its sale, (v) intellectual property such as a copyright or patent, (vi) stock-in-trade, inventory or other property that would otherwise be held by the donor for sale to customers in the ordinary course of the donor's business or (vii) property contributed by a corporation that constitutes a "qualified contribution," as described in Section 170(e)(3)(A) of the Internal Revenue Code of 1986, that will be used for the educational purposes of the College.

The fee for the appraisal may not be based on the value of the appraised property, and the appraiser must be "qualified," as that term is used in IRS Publication 561. A "qualified appraiser" is one who is ordinarily in the business of appraising similar property, has appropriate educational and experiential background, who performs appraisals for many

different people and purposes (and not primarily either for the College or for the donor) and who is not employed by the College, the donor, any relative of the donor or any entity controlled by the donor or members of the donor's family. Duplicate originals of each appraisal should be prepared, one for the College and one for the donor.

The College reserves the right to alter the value of property contributed to it on the books and records of the College accounting, tax-reporting, annual fund record-keeping or any other purpose if developments after the completion of the gift or information that comes to the attention of the College after the gift is completed are determined, in the discretion of the Committee or the College's auditors, to merit such an alteration

4. No gift of property will be accepted if such acceptance would cause COA to incur a financial or other obligation (to display, store, insure, clear of legal restrictions, sell, etc.) which the President deems to be burdensome. In the event the President or other officer of the College should decide to accept a financial or other obligation he/she shall so recommend it to the Board of Trustees for their review and approval.

5. College of the Atlantic reserves the right to dispose of gifts of property (including real property, securities, and other personal property) at any time unless otherwise agreed to with a donor. No commitment will be made regarding the retention or investment of a gift asset unless specifically authorized by the President.

Where such a commitment is important to the donor, the gift will be referred to the President, who will then seek the appropriate level of Board approval before authorizing a commitment to retain or invest a gift asset.

6. Neither gains nor losses realized by the College's sale of a non-cash gift will affect the value credited to the donor and toward fund-raising goals. Realized gains or losses, and any fees incurred by COA in the disposition or maintenance of the asset until sale (utilities, taxes, insurance, etc.) will be added to or deducted from the amount available for the purpose designated by the donor.

7. No COA representative shall perform valuations or appraisals of a gift of property for a donor's tax purposes.

B. Gifts of Real Property

Real Estate. Gifts of real estate to the College can only be accepted with the approval of the Committee. Each such gift will be the subject of at least a Level I environmental review to assure the absence of environmental contamination and, if a Level I review is considered inadequate or inconclusive by the Committee, more extensive environmental testing may be required. All necessary environmental testing is conducted at the Donor's expense. The College ordinarily engages legal counsel when considering a gift of real estate and will require a legal opinion as to the state of the donor's title before such a gift can be accepted. Because of the time necessary to perform the requisite

environmental tests and title work, a donor should allow at least three months for a gift of real estate to the College to be completed.

Except if real estate donated to the College is proximate to an existing facility operated by the College and appropriate for the College's use in the operation of that facility, donors should anticipate that contributed real estate will be sold as promptly as market conditions permit after the College takes actual possession of the property. The College is unable to accept gifts of real estate for which there is not likely to be a market. During any period in which donated real estate is retained by the College prior to sale, it will be subject to real estate taxes and, depending on the nature of the real estate, other maintenance expenses. Because the College does not divert its financial resources to support maintenance of real estate held for sale by the College, donors of real estate should also donate sufficient cash to pay the taxes and other expenses associated with the donated property for the period between its donation and its sale. In the absence of sufficient cash to permit the satisfaction of these expenses, the College may need to decline the gift.

The College ordinarily does not accept real estate that is encumbered by mortgages or other liens.

Except in extraordinary circumstances, the College will decline gifts of real estate located outside the State of Maine.

Gifts of Remainders in Residences or Farms. Gifts of remainder interests in personal residences or farms can be accepted only with the approval of the Committee. In the case of any such gift, as with any other gift of real estate, the College retains legal counsel to examine the title to the donated property and requires at least a Level I environmental survey before the gift can be accepted. These basic steps are necessary to protect the College against potential liabilities arising out of environmental contamination and a lack of salability owing to title defects. In light of these requirements, it is the strong preference of the College to know about gifts of remainder interests at the time they are established rather than only when the College's interest comes to fruition. This is particularly important if the use of the proceeds of sale of the residence or farm, or the use of the real estate itself, after the College takes possession of it, is to be restricted by the donor under the terms of the gift. It is important that the donor and the College work together to assure that the donor's desires for the use of the property or its proceeds can be satisfied by the College when the time comes.

Ordinarily, the College will expect to remain in close contact with the owners of the life interest or interests in a residence or farm throughout the period of his, her or their occupancy so that it can remain confident of the absence of environmental liabilities and work with the owner or owners of the life interest to maintain the value of the property.

In light of the importance of protecting the College's other assets from exposure to liabilities arising out of the ownership of donated real estate, the College reserves the right to decline any gift of a remainder interest in a residence or farm even after the life interest or interests in the real estate expire, when the property would otherwise pass to the College.

COA Gift Acceptance Policy

Bargain Sales. Bargain sales to the College are possible only with the approval of the Committee. The College will retain legal counsel to consider any such sale. Whether other steps are necessary before the consummation of any such sale will depend on the nature of the property to be sold, as described in this Policy.

The College cannot enter into agreements for the bargain sale of real estate subject to a mortgage or other lien or any other arrangement that would give rise to unrelated business taxable income (“UBTI”). Whether there are UBTI issues involved in any proposed bargain sale will be examined closely by counsel to the College.

C. Gifts of Tangible Personal Property

Tangible Personal Property. The term “tangible personal property” applies to any property that is not real estate, cash or securities and has an intrinsic utility. Examples include, but are not limited to, artwork, automobiles, boats, farm equipment, stamp and coin collections, furniture and jewelry.

The College gladly accepts contributions of tangible personal property that can be used in the performance of its work. Such property might include classroom equipment, residential or office furniture, outdoor furniture or equipment, agricultural equipment or laptop computers. Gifts of tangibles that will clearly be usable immediately in the College’s operations may be accepted by the Dean of Development or the President except that the approval of the Trustees must be obtained for acceptance if the value of the gift of tangibles is believed to be in excess of \$50,000. When such gifts are accepted, the College will provide the donor with an appropriate acknowledgment of the gift in which the intention of the College to retain the donated property for use in the performance of its charitable functions will be clearly stated.

Except in extraordinary circumstances, the College does not accept automobiles, boats or aircraft that will not be used in its programs and will need to be sold.

Gifts of other tangible personal property that will not be put to use in the College’s programs must be accepted by the Trustees if the gift of tangibles value is believed to be in excess of \$50,000, and it is to be expected that the College will sell any such property as promptly as market conditions permit. In the absence of a letter to the donor from the Development office stating that contributed tangible personal property will be retained by the College, a donor must assume that the property will be offered for sale. The College cannot accept gifts of tangible personal property that are subject to restrictions related to the timing of their sale or for which there is no market to which the College has relatively convenient access. If there will be costs associated with the maintenance of a donated item of personal property between the time of its contribution to the College and the time when it is likely to be sold, such as storage fees for a boat, hangar charges for an aircraft or rental payments for the plot on which a mobile home is located, the College may need to decline the gift unless the donor provides the College with sufficient funds to maintain the property pending sale

D. Gifts of Securities

COA Gift Acceptance Policy

Publicly Traded Securities. Any unrestricted stocks or American Depository Receipts that are traded on the New York or American Stock Exchange or through the NASDAQ system or any other recognized domestic stock exchange and corporate and government bonds and for which there is an established market (“marketable securities”) are welcome as contributions to the College and may be accepted by the Dean of Development or President.

Securities accompanied by appropriate transfer instructions may be delivered to the College’s office or wired to an investment account maintained by the College, and will be treated as having been delivered when the College or its investment agent has received all the documentation necessary to complete the transfer of ownership without any further involvement on the part of the donor.

Securities traded exclusively in markets outside the United States can only be accepted with the approval of the Committee. Marketable securities may be sold by the College promptly upon receipt so that their proceeds may be invested in a manner consistent with the College’s overall investment policies.

Closely Held and Restricted Securities. Corporate stock for which there is no established market that is readily accessible to the College, including the stock of “Subchapter S Corporations,” stock which is subject to trading restrictions, partnership interests in general or limited partnerships or in limited liability partnerships and memberships in limited liability companies that are not traded on an established domestic securities exchange (“closely held securities”) can be accepted by the College only with the approval of the Committee.

The College is willing to consider any proposed gift of closely held securities, but gifts of closely held securities frequently cause tax and other problems for both the donor and the College, so each such gift must be carefully examined on a case-by-case basis. The College will ordinarily expect to retain legal counsel to advise it in connection with any proposed gift of closely held securities. Because of the complexity involved in the College’s accepting gifts of closely held securities, a prospective donor should allow ample time between the proposal of the gift and its completion. At least three months are necessary to assure that all the ramifications of such a gift for both the donor and the College are identified.

E. Gifts of Life Insurance

Gifts of Life Insurance. Gifts to the College of fully paid whole life, ordinary life or endowment policies on which no future premium payments are due may be accepted by the Dean of Development or President. Gifts of policies having a current cash value but with respect to which future premium payments are possible or are known to be due can only be accepted by the Committee. Whether any such policy is accepted will depend on the economics of the transfer; if the policy can be converted to a paid up policy of lesser value or if the donor agrees to make future premium payments or if the policy has sufficient value to permit the payment of future premiums out of that value for as long as necessary, the policies will be accepted by the College. In any case in which a policy is accepted, the College will work with the insuring company to transfer ownership of the policy from the donor to the

College and will change the beneficiary designation to permit the College to collect the insurance proceeds when the policy matures.

The College cannot accept a gift of a term life insurance policy without cash value unless the donor of the policy agrees to maintain the policy in force by remaining responsible for payment of future premiums. Any gift of a term policy to the College must be accepted by the Dean of Development of the President and, following acceptance, the College will take steps to change the ownership of the policy from the donor to the College to assure that the College is notified if any future premiums are not timely paid. The beneficiary designation will also be changed to name the College as beneficiary.

Gifts of life insurance policies naming multiple beneficiaries will be referred to the Committee for its consideration before acceptance. The College will not accept gifts of cash or property from a donor if the use of the gift is restricted to the purchase of a life insurance policy on the donor or any other person.

F. Deferred and Split-Interest Gifts

1. Planned Giving allows a donor to make a gift in which the commitment to COA is made now, but the College's receipt of funds from the gift may be delayed until a future time. Donors who make planned gifts normally receive tax and/or income benefits.

Donors may make planned gifts to COA in the following ways: through a bequest; through a beneficiary designation under a retirement or other deferred income plan; through the College's participation in a Pooled Income Fund; through Charitable Gift Annuity Agreements; Charitable Remainder or Charitable Lead Trust Agreements; by making College of the Atlantic the beneficiary and owner of an insurance policy; through gifts of remainder interest in a personal residence; and/or through other appropriate charitable gift arrangements.

2. The Development Office will take responsibility for the following functions:
 - a) Prepare with legal counsel and the donor's attorney all life income documents for execution by the donor and the President, with the advice and consent of the Development Committee;
 - b) Secure all necessary gift information for the donor to calculate applicable charitable tax deductions and income tax treatment of life income payments;
 - c) Convey such information to the donor and the Treasurer;
 - d) Notify the appropriate COA beneficiary regarding any life income gifts and their purpose; and

e) Arrange for stewardship.

3. College of the Atlantic will accept the following types of gifts, subject to the minimum value requirements:

a) CHARITABLE REMAINDER UNITRUST

Charitable Remainder Trusts. It is the policy of the College not to serve as trustee of charitable remainder annuity trusts or charitable remainder unitrusts of which it is a beneficiary. This policy is intended to assure that such trusts receive the full-time investment management that they deserve and eliminate any possibility of a conflict of interest in investment choices or any other subject between the current annuity or unitrust beneficiaries of such trusts and the College as remainder beneficiary. Representatives of the College are, however, available to cooperate with any potential donor to a charitable remainder trust in tailoring the provisions of those trusts to the donor's particular situation.

The College reserves the right to decline remainders under trust instruments created without its knowledge if the nature of the property or the conditions on its use are not consistent with the best interests and other activities of the College. Decisions on whether to accept trust remainders that consist of property other than cash or marketable securities or which are subject to use restrictions are made by the Committee. Unrestricted remainders consisting of cash or marketable securities may be accepted by the Dean of Development or President.

A. Charitable Remainder Unitrust:

The minimum amount of a unitrust to be administered on behalf of COA must be \$100,000 and may be either a single- or a two-life agreement. In a single-life agreement, the individual must be at least fifty-five (55) years of age, in a two-life agreement, the younger individual must be at least 55 years of age. The Committee may waive these provisions in cases where it finds a compelling rationale to do so.

B. Charitable Remainder Annuity Trust

The maximum annuity percentage payable will be (5%) of the original value of the trust assets. The annuity amount never changes, and no additions may be made to an annuity trust. The trust also may be established for a term of years not exceeding twenty (20), or for the life of the beneficiary, at the end of which time the corpus of the trust is payable to College of the Atlantic.

The minimum amount required to establish a Charitable Remainder Annuity trust is \$100,000. The Committee may waive this provision in cases where it finds a compelling rationale to do so.

b) GIFT ANNUITIES. An irrevocable transfer of money or property to COA in exchange for which the College promises to pay up to two beneficiaries fixed payments at least annually for life.

Charitable Gift Annuities. Charitable gift annuities and deferred charitable gift annuities can be made available by the College only with the approval of the Committee, and the College engages legal counsel to consider each prospective annuity gift. The minimum gift in respect of which an annuity can be established is \$25,000. Payout rates for annuities offered by the College will be at or below the maximum payout rates recommended from time to time by the American Council on Gift Annuities, a nonprofit organization whose function is, among other things, to assure that annuity rates, while fair to donors, are also reasonable enough to assure that donee charities do not have to pay out more as annuity payments than they take in as gifts.

Once the College issues an annuity to a donor or other beneficiary designated by the donor, the obligation to pay the annuity becomes a general charge on the income and assets of the College. Assets contributed to purchase the annuity may be immediately added to the College's endowment and are not necessarily preserved as a separate fund. It is the policy of the College not to purchase private annuities to make the annuity payments that the College, by issuing annuities, becomes obligated to make. Transferring the liability for the annuity payments to a private company would divert funds to that company and away from the charitable purposes of the College. The ability of the College to make annuity payments to donors is therefore only as strong as the College's balance sheet.

The College cannot accept gifts of tangible personal property to fund a gift annuity. Gifts of real estate to fund such annuities will be carefully considered by the Committee, and their acceptance will depend on the likelihood that the College will be able to sell the donated real estate promptly and whether, as in the case of any other gift of real estate, the gift is accompanied by sufficient cash or other liquid assets to enable the College to carry the real estate until it is sold without diverting other funds to the purpose. The College is unable to accept gifts of real estate subject to mortgages or other liens to fund charitable gift annuities.

A gift annuity may be on the life of an individual who is at least sixty (60) years of age. Gift annuity agreements will not be entered into for more than two lives, and in the case of a two-life agreement, the younger beneficiary must be at least sixty (60) years of age.

A Deferred Gift Annuity allows for payment of the annuity to start at a later time than the date of the gift. The minimum age for entering into a Deferred Gift Annuity is fifty (50).

c) CHARITABLE LEAD TRUST. Under a Charitable Lead Trust, the donor's assets are transferred to an irrevocable trust for a period of years with an interest payable to COA annually during the term of the trust. At termination of the trust, the corpus of the trust passes to the donor or his/her family. A minimum of transfer into trust of \$250,000 is required. The Committee may waive this limitation when it finds a compelling rationale to do so.

It is the policy of the College not to serve as trustee of charitable lead trusts of which the College is a

beneficiary, for reasons similar to those outlined above in the discussion of charitable remainder trusts. As with remainder trusts, however, representatives of the College are available cooperate in the establishment of such trusts to assure that payments to the College from any such trust can be used by the College in accordance with the donor's wishes and expectations.

The College reserves the right to decline to accept distributions from charitable lead trusts in the drafting of which the College has not been consulted if the distributions consist of property other than cash or marketable securities or if the uses to which the distributions are to be put are restricted under the terms of the trust instrument to purposes not consistent with the mission and programs of the College

d) **POOLED INCOME FUNDS.** The minimum amount that can be invested in COA's Pooled Income Fund is \$10,000 and additional gifts to the fund may be made in increments of \$5,000 or more. The pooled income fund can accept contributions of cash or marketable securities, with a minimum initial contribution of \$10,000, which will be invested for the life of the donor or any other person or persons. During the investment period, income earned by the donor's contribution will be paid to the donor or the donor's designees. When all the designated income beneficiaries have died or when the term of years for which the income interest has been reserved has expired, the donor's pro rata share of the fund's invested assets will be paid to the College.

e) **Retirement Plan Beneficiary Designations.** Donors and supporters of the College will be encouraged to name the College as beneficiary of their retirement plans. Such designation will not be recorded as a gift to the charity until such time as it becomes irrevocable. It may then be recorded at its present value, even if not payable until a future date.

f) Miscellaneous Property Interests. Contributions of unusual property rights, such as mortgages, non-marketable notes, assignments of rent due under leases, oil and gas interests, patents, copyrights, royalties, frequent flyer miles and easements can only be accepted by the Development office with the approval of the Committee.

g) **OTHER PLANNED GIFTS.** From time to time, the nature of donor assets or IRS regulations may provide opportunities for other forms of planned gifts not enumerated above, or blending more than one form of gift. Such possible gift arrangements will be reviewed jointly by the Committee and the Finance Committee, so as to provide the appropriate recognition to the donor, while fulfilling the Trustees' fiduciary obligation and presenting its financial condition fairly. Such gifts may involve a partial or future interest in a donor asset (e.g., a pension fund) or other forms of gift.

IV. PURPOSE OF GIFTS

INTRODUCTION

Gifts raised by College of the Atlantic's development program serve two broad, general purposes: 1) budget support/relief and 2) new programs or program enhancement. All solicitations for gifts fall into these broad categories. While it is crucial that the

College sustain and increase gifts for budget support/relief, periodic special project or “campaign” fund-raising will result in restricted gifts.

During the course of a special, capital, or comprehensive campaign, gifts will be solicited for a variety of purposes, according to both the needs of the College and the interests of the donor. Best efforts will be made to seek and receive gifts which place the least possible restriction on all gifts, as long as the absence of restriction fulfills the expressed or known desire of the donor.

College of the Atlantic’s financial records and statements will comply with the general guidelines set forth in the Statement of Financial Accounting Standards No. 117, published by the Financial Accounting Standards Board (June, 1993). In that statement, the Board recommended that revenues and changes in net assets be classified into three broad categories: unrestricted, temporarily restricted, and permanently restricted. Within these broad categories, however, institutions may, at their discretion, maintain “disaggregated” information as to particular, planned uses of funds.

A. Unrestricted Gifts

1. **Definition:** Unrestricted gifts are those given by donors with no limitation, prohibition or constraint on the specific purpose for use of the gift funds regardless of any subsequent designation by COA.
2. **Assignment:** The College may assign or designate specific purposes to unrestricted gifts. These gifts will be recorded by the Business Office in accordance with the purpose assigned. The Board of Trustees has approved the following guidelines:
 - a) Unrestricted Annual Fund gifts will be credited to the unrestricted gift income account, and credited toward COA’s Annual Fund program goals.
 - b) Unrestricted special or campaign gifts will be credited toward the College’s special or campaign fund-raising goals and will be recorded as such in the appropriate COA accounts.
 - c) All unrestricted gifts, bequests and deferred gifts will be designated for use by the President in collaboration with the Development Committee with approval by the Finance Committees.
 - d) Unrestricted gifts, bequests and deferred gifts cannot be “internally” restricted or designated to a purpose except upon vote of the Board of Trustees.

3. Transfers and Adjustments: Adjustments of incorrect postings may be made by the Finance Office upon receipt of proper donor documentation.

B. Restricted Gifts—General

1. Restricted gifts are those given by a donor for a specific purpose set forth in writing by the donor.
2. The terms of any restriction should be defined using *preferential language*. This allows College of the Atlantic freedom of use in the future, should the donor's original intention or designation become obsolete.
3. The stated desires of a donor regarding the use of a gift or endowment fund will be approved by the President.
4. All restricted gifts will be recorded by the restricted purpose category assigned. The donor's written instructions shall be part of the permanent record.
5. Ambiguities regarding a gift's restricted purpose category will be resolved by the Development Office. A gift with a suggested restriction falling outside the regular categories outlined in Sections IV.C and IV.D below shall be accepted only on approval of the Development Committee.
6. Funds received for restricted plant or endowment purposes and expected to be held long enough prior to expenditure to accrue income will retain that income for the benefit of the restricted purpose, if requested by the donor.

C. Restricted for Current Operations

1. A gift restricted for current operations is a gift which the donor has given to College of the Atlantic to be used wholly and exclusively for current expenditures such as:
 - a) **OPERATION AND SUPPORT OF ACADEMIC PROGRAMS:**
Funds restricted by the donor to support the ongoing operation of the College, including faculty development, student programs, etc.
 - b) **OTHER PURPOSES:** Funds restricted for other purposes, related to the unspecified support of auxiliary enterprises, i.e. museum programs, gallery programs, community programs, etc.

D. Endowment or Permanently Restricted Gifts

1. Gifts restricted for Capital Purposes include those given specifically for addition to the College's investment funds or plant.
 - a) PLANT (PROPERTY): Gifts of both real and personal property designated by the donor to be used directly in the support functions of the College; gifts made for the purpose of constructing or providing major renovations to COA operated facilities.

Restricted campaign gifts for plant purposes may be designated for specific or general campaign projects which have been approved by the Board of Trustees.

- b) PERMANENTLY RESTRICTED FUNDS OR ENDOWMENT: Gifts designated by the donor to be added to the endowment assets of the College and invested for income-producing purposes. Endowment gifts are further defined by use of income as follows:

– Endowment, Unrestricted Income: Gifts restricted by donors for the use of the income the endowment produced,

or

– Endowment, Restricted Income: Gifts restricted by donors for endowment with their income restricted to a specific use, such as staff compensation, operations and maintenance of plant or other purposes.

Only the income from endowed funds may be expended. The Board of Trustees will establish a policy as to reinvesting a portion of endowment income to maintain the value of the principal.

E. Naming Opportunities

1. Buildings, rooms, facilities, or other capital projects for which the Board of Trustees has authorized construction or otherwise approved are available for naming or memorial purposes. In general, naming of a building will be provided to donors who contribute fifty percent (50%) of the present value of the construction costs of the building or project including architects' fees, site development, landscaping, furnishings and equipment.
2. The Dean of Development will submit recommendations to the Development Committee for all major naming opportunities for buildings, centers, or other large

projects, or, if conditions are attached to a gift that may have a large financial impact, affect the public image of the College or add or change a major program.

3. The Dean of Development is authorized to develop and to revise, for the Development Committee, lists of gift opportunities with an indication of the gift amount required for naming.
4. Simple bequest intentions will not normally be associated with naming opportunities, with the exception that from time to time the College may wish to honor an individual based not only on a bequest intention, but also on his or her long-term commitment to COA.
5. For purposes of designated naming opportunities, gifts made in the form of irrevocable life income gifts will be eligible at their remainder value, rather than at their face value.

F. Minimum Amounts Required to Establish Endowed or Named Funds

1. College of the Atlantic may approve the establishment of named or memorial funds upon receipt of gifts or bequests in specified minimum amounts for specific purposes. The minimum for endowed funds shall generally be \$20,000.
2. The amount required to establish an endowed fund for other specific purposes will normally be set at approximately twenty times the required income value.
3. If, after five years, the gifts received for a fund are not sufficient to establish the named, endowed fund intended by the donor, the Development Office will contact the donor to discuss alternate naming opportunities.
4. Whenever an endowment fund is established to support a new activity (i.e., an activity not provided for in the current operating budget), the new activity shall not begin until the endowment fund balance reaches fifty percent (50%) of the amount required by the Gift Policies for that activity. The Development Committee may recommend a waiver of this policy in exceptional circumstances.