

Gift Acceptance Policy

All University of Hawai'i Foundation (the "Foundation") employees and volunteers must adhere to this policy, which also acts as a guide for prospective donors and their advisors, providing assurance that all donors are treated equitably.

CASE compliance

To ensure the highest possible gift and campaign integrity, all charitable contributions to the Foundation will be counted and recorded into the Foundation Advancement database of record in accordance with the standards set forth by the Council for Advancement and Support of Education (CASE). Any exception to CASE standards must be approved by Foundation Gift Acceptance and Administration Committee ("Committee") appointed by the Foundation's Chief Executive Officer ("CEO") comprised of senior management representing the Advancement Services, Development, Estate and Gift Planning, Finance, Legal, and Operations departments.

Acceptable gifts

The Foundation will make every effort to accommodate and accept all charitable contributions from donors. However, it will not accept gifts that:

- Violate or are inconsistent with the terms of this policy;
- Are for purposes that do not further the University of Hawai'i's (the "University") or Foundation's mission;
- Could damage or adversely affect the reputation of the University or Foundation;
- Are too difficult, time consuming, or expensive to administer;
- Are hazardous or may create unacceptable liability or cause the University or Foundation to incur future unanticipated expenses;
- Would jeopardize the Foundation's tax-exempt status; or
- Provide a donor with goods or services of financial value in exchange for said donor's gift unless such value is fully disclosed in the time and manner as required under federal and state law and regulations.

If a gift falls into one of the above categories, the development officer working on the gift must seek approval from the Committee, who will make the final decision as to whether to accept it.

Gifts from public officials, political figures and political committees

Gifts to the Foundation from public officials, political figures, campaign committees, political action committees, or other organizations that make expenditures supporting or opposing candidates or causes, may **not** be conditioned on or result in any personal benefit to the contributor or a family member of the contributor. (For purposes of such gifts, "personal benefit" should be interpreted broadly.) No Foundation employee, or agent on behalf of the Foundation, may knowingly provide or promise to provide a personal benefit to such a contributor (or family member of such a contributor) as a condition of or in connection with such a gift. Questions regarding the propriety of such a gift should be directed to the Committee.

Submitting and executing gift agreements

A written gift agreement is required for all gifts and pledges of \$50,000 or more that establishes a new account. All gift agreements and pledges should be in the form of the templates prepared by the Foundation and approved by In-House Counsel. Questions on use of the gift agreement templates should first be directed to the Compliance office.

There may be circumstances where a gift or pledge is **under** \$50,000 but a gift agreement should or may still be used. These include but are not limited to:

- Pledges in honor of a reunion that have multi-year payment schedules, and are not considered the donor's annual gift (typically \$10,000 or more).
- An agreement that documents the donor's charitable intent and permissible donor imposed restrictions on the use and expenditure of the gift. A simple agreement may be especially important when the contribution is to a current-use scholarship, or part of a pooled endowed fund. The funds may or may not have come in as cash (there may be no payment schedule or multi-year pledge, just an outright gift).

Any substantial deviations from the standard gift agreement templates shall be approved by the Committee, as must any proposed gifts or gift terms that appear to violate University or Foundation policy or deviate from established practice and this policy.

The CEO, or other person authorized to sign contracts for the Foundation, and the donor(s), shall sign all gift agreements to indicate acceptance. Signatures required by University policy shall be obtained as an acknowledgment and approval for the use of the gift in accordance with the terms of the gift agreement. In the event that the Foundation requires any changes to be made prior to donor agreement, the Foundation and University signatures should be obtained prior to the donor(s) signature(s).

Gift agreements, including agreements structured as corporate or foundation grants, should never include terms creating an exclusive relationship between the Foundation, University or one of the University's campuses or units, and an outside entity. Exceptions to this rule must be approved by the Committee after consultation with the University leadership (President, Provost/Chancellor) and will rarely be granted.

The use of family foundations or donor advised funds to pay donor pledges in whole or in part will be determined by IRS regulations and regulatory announcements then in effect regarding the use of donor advised funds. Development officers are urged to consult with the Committee in these situations.

Naming of buildings, facilities, or academic programs

Any and all naming rights for University buildings, facilities or physical space is subject to the University's Board of Regents, the Foundation, and University policies and procedures relating to philanthropic and/or facility naming then in effect.

Where any gift involves any naming rights or benefits, the University shall retain the right to remove the naming in recognition of this gift, if it is determined by the University in its

reasonable and good faith opinion that the conduct, business practices, business associates, character, reputation, or respectability of the donor has changed such that the affiliation between the University and the donor may negatively impact the image, mission, or integrity of the University or Foundation, or public confidence in both organizations, as determined by the Board of Regents. Naming rights shall cease in the event of any default in any payment required under the applicable gift agreement.

If during the useful life of any facility or physical space, the facility or physical space is transferred or conveyed from the University, closed, deconstructed, destroyed or severely damaged, significantly renovated, upgraded, modified, relocated or replaced, the Naming may cease. Naming rights may also cease in the event of discontinuation of an academic program or course of study. In such events, however, the donor, if available and in consultation with and as mutually agreed by the Foundation and University, will have the right for no additional payment, to have another available facility or physical space named after the donor.

Gift receipts

The Foundation will provide a gift receipt or written acknowledgment to all donors that is prepared in accordance with applicable legal and tax requirements when required to substantiate a tax deductible gift or contribution.

Gift designations and restrictions

- The Foundation may accept gifts with specific designations to a particular school, unit or program.
- The Foundation shall not accept gifts with restrictions requiring that beneficiaries or scholarship recipients be chosen on the basis of race, color, national origin, ancestry, religion, gender, sexual orientation, age, physical or mental disability, or any other characteristic which may from time to time be specified in the University's Equal Opportunity policy. Any potential gifts which include consideration of these factors must be reviewed and approved by the Committee.
- The donor shall not choose any individual recipient(s) or beneficiary(ies) of their gift. For example, donors may not choose the holder of an academic chair or professorship, or the individual recipients of a scholarship award.
- Whenever possible, any restrictions related to the use or purpose of a gift should be written as "preferences" to allow the University the greatest latitude in ensuring future use. When that is not possible or the designated purpose is no longer consistent with the mission of the University and its individual programs, the Foundation may consult with the appropriate University officials and the donor(s). If the donor(s) are unavailable to consent to lift or modify the restriction, the Foundation may seek Attorney General or court approval to release or modify such restriction(s).
- If a designation or account of a contribution needs to be changed at a later date, written approval is required from the donor and the Committee.

Specific types of gift assets

Cash

- Gifts of cash under \$50,000 that are paid in full and where donor intent is ascertainable and acceptable do not require a written gift agreement or any prior approvals. However, the donor may request or the development officer may choose to execute a gift agreement to clarify any restrictions and to outline stewardship responsibilities.
- Unrestricted gifts of cash will be used to support the Foundation's charitable purposes and may be added to the Foundation's endowment.
- Cash gifts made in foreign currency or cash equivalents must be approved by the Chief Financial Officer ("CFO") and shall be valued at the US dollar equivalent on the date the gift is received. Transactions fees and any translation gain/loss resulting from converting foreign currency or cash equivalents to US dollars shall be applied against the gross proceeds of the gift.
- Checks should be made payable to the Foundation and in no event shall be made payable to an employee, agent, or volunteer for the credit of the Foundation. The Foundation may accept checks that are payable to the University when such checks are clearly intended as charitable gifts.
- Credit cards are accepted by the Foundation and accepted credit card types are at the discretion of the CFO. The minimum charge amount accepted is \$10. Bank and credit card fees resulting from the credit card transaction will be charged directly to the donor's account.

Marketable securities (stocks and bonds)

- The CFO approves and coordinates acceptance of all gifts of marketable securities.
- The Foundation will calculate the value of the gift by using an average of the high and low trading price on the date of the gift. Once the value of the gift is determined, the gift is booked at the determined value and a receipt is generated to provide to the donor.
- In most cases, gifts of marketable securities will be promptly sold in accordance with established Foundation practice. The Committee must approve any request by a donor that the Foundation hold and refrain from selling a marketable security.

Non-marketable or closely-held securities

- The minimum value for any gift of a non-marketable or closely-held security is \$10,000.
- These securities include: partnerships, limited partnerships, limited liability companies, closely-held companies, stock of entities that fall under SEC Rule 144, legend stock or bonds of entities that are thinly traded, and stock of entities held for sale at the request of a donor.
- Acceptance of all gifts of non-marketable or closely-held securities is contingent upon approval by the Foundation's Investment Committee, coordinated by the Chief Operating Officer ("COO"). Because of the unique nature of these securities, special due diligence review may be required prior to acceptance. Generally, such gifts that will make the Foundation a majority shareholder in the issuing company, either independently or as part of a voting group, are not accepted.
- The value of these securities will be determined based on the fair market value of the securities on the date of gift, using an appraisal or alternative method of valuation acceptable to the Investment Committee and the Committee.

- The Foundation reserves the right to either hold gifted non-marketable or closely-held securities or to convert to cash. While it is permissible for the donor or issuing company to repurchase the securities at fair market value, there can be no redemption or other buy-back agreement, either express or implied, prior to making the gift. The Foundation also reserves the right to transfer any such gift to a wholly-owned entity or an affiliated nonprofit.

Real property

- Generally, the minimum value for any gift of real estate is \$25,000.
- The Foundation may accept gifts of many types of real property, such as residential, commercial, apartment buildings, vacation properties, undeveloped land, farmland, qualified conservation easements and mineral interests subject to policies adopted by the Foundation's Real Estate Committee. The Foundation will attempt to sell the property at a fair price given current market conditions, however, the Foundation reserves the right to retain unrestricted gifts of real property when that is in the best interests of the Foundation.
- Retained life estates—the University may accept a gift of a personal residence or farm which is subject to a retained life estate. The Office of Estate and Gift Planning will coordinate the due diligence review process on these gifts. It is required that the donor assume responsibility for ongoing property taxes, mortgage payments, insurance and maintenance for the duration of the life estate. Consistent with CASE standards, retained life estates will be counted and donors credited with the appraised market value of the property less any outstanding mortgage on the date of the gift.
- The Foundation shall not accept gifts of time share interests.
- The Foundation generally does not accept the receipt of any real property where there are donor-imposed restrictions on the sale, or if it is not readily marketable.
- Gifts of real property which are subject to mortgages or have encumbrances or other limitations on title and leasehold property interests require special consideration by the Committee, as they may result in financial liability for the Foundation and can cause adverse tax consequences for the donor(s).
- The Committee coordinates and approves all gifts of real property subject to policies adopted by the Real Estate Committee, and has specific due diligence review requirements that must be followed prior to the acceptance of any gift. Generally, a representative of the Foundation will physically view and evaluate the property.
- An environmental assessment may be required as determined by the Committee, and may be at the donor's expense. If the real property is accepted by the Foundation, whomever paid for the environmental assessment will be reimbursed for the cost of the assessment from the proceeds of the sale of the property.
- The Foundation may pay for the following expenses and costs related to the acceptance of a gift of real property: preparation of a deed or trust document, recording fees, title insurance, property survey costs or title opinion.
- The value of gifts of real estate will be determined based on the fair market value of the real estate on the date of the gift. If the donor has obtained an appraisal that meets Internal Revenue Service (IRS) tax deduction substantiation requirements, the

Foundation may use the appraisal for gift accounting purposes. If an appraisal is not available, an alternative method of valuation acceptable to the Committee will be used.

Gifts of tangible personal property

- Non-cash gifts of tangible personal property include: art, collectibles, equipment, furniture, jewelry, unmodified software, items for an auction, etc.
- The Foundation is under no obligation to accept any gift of tangible personal property. Unless approved by the Committee, items that are hazardous, not meant to be readily sold or auctioned, require a title or registration (such as water craft or motorized vehicles), require special permitting or government authorization to handle or store, or items for which the University does not obtain full ownership and possession (except in circumstances regarding gifts partial interest) are not accepted.
- Gifts of tangible personal property that require a title or registration with a government agency, such as aircraft, automobiles, or boats, are not accepted by the Foundation and should be donated directly to, and accepted by, the University. In these cases, the Foundation will serve as a resource for the University and cooperate in, and facilitate, the acceptance of the tangible property.
- The Foundation is responsible for conducting due diligence review on, and approving the acceptance of all gifts of tangible personal property. The Foundation also manages the sale of such assets.

Gifts of tangible personal property for unrelated use

The Foundation only accepts gifts of tangible personal property that are of unrelated use to the University that cannot be used by the University for educational, research, or programmatic purposes and may be readily sold and converted to cash. Items that are deemed too burdensome or difficult to sell generally are not accepted.

Gifts of tangible personal property for related use by the University

- The Foundation often receives gifts of tangible personal property that the University plans to keep for related use in furtherance of its mission. Examples include artworks, computer hardware, laboratory equipment, athletic equipment, library materials, etc. Note that software licenses are not considered to be bookable gifts per CASE guidelines, because the University does not “own” those licenses.
- A University Provost/Chancellor, Dean, or head of a unit may authorize acceptance of tangible personal property to be kept for related use after taking into consideration the following factors:
 1. Whether the property furthers the mission of the University or a specific school or unit;
 2. carrying costs and potential liability;
 3. costs relating to long-term storage;
 4. any donor-imposed restrictions on the use, display or sale of the property; and
 5. costs relating to transportation and/or installation.

The Provost/Chancellor, Dean or unit head should first seek approval from the Foundation before proceeding.

- Information about any gift of tangible personal property should be forwarded to Gift Processing, which will credit the donors, notify the appropriate University staff, and prepare an appropriate gift receipt.

Gifts of intangible personal property

- Gifts of intangible personal property, such as software rights, royalties, copyrights (except as described in IRC §1221(a)(3) or 1231(b)(1)(c)), trademarks, trade names, patents and other intellectual property are accepted by the Foundation. This may also include items that derive their value from intellectual content (data/information) or other intangible properties. Valuation of these items can be particularly complicated and should be done under the advisement of the Committee.
- Gifts of intangible personal property where ownership and copyright is not fully transferred and the donor holds a partial interest are not likely to be accepted.
- Gifts of intellectual property or where the donor wishes to receive additional deductions based on a percentage of future income stream to the Foundation may require additional reporting to the IRS.

Beneficiary designations

The Foundation may be named as a beneficiary of certain types of “beneficiary designation” or “paid on death” assets. Some examples of accepted assets are a donor’s life insurance policies and qualified retirement plans, such as 401(k) plans, 403(b) plans and Individual Retirement Arrangements (IRAs).

Charitable gift annuities

- The Foundation is registered in Hawai‘i and certain other states to offer charitable gift annuities. The minimum amount to establish a new gift annuity is \$25,000 if the gift is unrestricted; \$50,000 if the gift is restricted. The minimum age for an immediate payout is 65, and a deferred payout cannot begin until age 65, except for college annuities.
- The Office of Estate and Gift Planning oversees the Foundation’s gift annuity program, and is responsible for the issuance of all new gift annuities. Gift annuities rates are established and determined by the CFO and COO.
- Gift annuities will be booked for gift and campaign counting purposes in accordance with CASE standards, and donors will receive gift receipts or written acknowledgments in accordance with IRS guidelines.
- In limited cases the Foundation may accept contributions that are not made in cash or publicly traded securities in exchange for charitable gift annuities, subject to appropriate due diligence review and approval by the CFO or COO.
- Gift annuities should not be offered to non-Hawai‘i residents without the review and approval by In-House Counsel.

Charitable remainder trusts

- The Foundation may accept gifts of a remainder interest in charitable remainder trusts. The Office of Estate and Gift Planning is responsible for due diligence review with respect to all charitable remainder trust gifts.

- Due to the potential for liability, the Foundation may accept an appointment as trustee of a charitable remainder trust where the gift is at least \$100,000 and the Foundation is named irrevocably as the sole (100%) beneficiary of the remainder, only upon review of all relevant circumstances and approval by the CFO and COO.
- Charitable remainder trusts will be booked for gift and campaign counting purposes in accordance with CASE standards, and will be established and administered in accordance with IRS regulations.
- A charitable remainder unitrust may be established when a donor irrevocably transfers assets to the Foundation as Trustee, and the trust assets are invested. Income payments are based on a fixed percentage of the annual market value of the trust assets and will vary as the value of the assets change. Income in excess of the annual payment is added to principal. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation and will be calculated and paid in accordance with IRS regulations.
- A charitable remainder annuity trust is established when a donor irrevocably transfers assets to the Foundation as Trustee and the trust assets are invested. The annual payout amount to the donor and/or other beneficiary receives an annual payout amount that is fixed irrevocably at the time of the gift. Income in excess of the annual payment is added to the principal. Income payments remain constant through the life of the trust. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation and will be calculated and paid in accordance with IRS regulations.

Charitable lead trusts

- The Foundation may accept designation as the beneficiary of a charitable lead trust. The Office of Estate and Gift Planning, in consultation with the CFO and COO, is responsible for due diligence review with respect to all charitable lead trust gifts.
- Due to the potential for liability, the Foundation may accept an appointment as trustee of a charitable lead trust if the gift is at least \$100,000 and the Foundation is a substantial and irrevocable beneficiary of the income interest, only upon review of all relevant circumstances and approval by the CFO and COO.

Life insurance

- The Foundation may accept a designation as beneficiary or owner of a life insurance policy. The Office of Estate and Gift Planning is responsible for due diligence review prior to acceptance with respect to all life insurance policies where the Foundation may be an owner or have other responsibilities. Policies in which the Foundation is named as the owner must be reviewed and approved by the Committee.
- The Foundation will only accept policies where the Foundation is obligated to make any future premium payments if the Foundation is beneficiary and owner of the policy and it is not a term insurance policy. Premium payments must be a lump sum or annual premium payments for not more than 10 years. Annual premium payments exceeding 10 years must be approved by the Committee. The Foundation must also be able to unilaterally exercise its right to surrender the policy for its cash surrender value.

- Life insurance policies and beneficiary designations will be booked for gift and campaign counting purposes in accordance with CASE standards, and donors will receive gift receipts in accordance with IRS guidelines.

Retained life estates

The Foundation may accept a retained life estate gift where the Foundation is transferred the title of a residence, vacation home or farm in entirety or percentage, while the donor maintains full use and rights to the property during their lifetime. The Office of Gift Planning is responsible for due diligence review prior to acceptance with respect to all new retained life estates and must be approved by the Committee.

Revocable bequest intentions

The Foundation welcomes notification by donors that they have included the Foundation in their wills or estate plans, records this information in the Advancement database, and honors their generous intentions with an invitation to membership in the Heritage Society. However, the Foundation will only book and count revocable future gifts or bequests if sufficient documentation is provided and quantifiable. Per IRS regulations, the Foundation does not provide any gift receipt to donors until the gifts are realized.

Irrevocable bequest intentions (also known as “life pledges”)

The Foundation may recognize and count irrevocable pledges where donors have included the Foundation in their estate plans, provided that such donors sign a written pledge agreement that makes their commitment legally binding and irrevocable, and own sufficient assets to satisfy the amount committed, as best as the Foundation can ascertain. These gifts will be entered into gift accounting records as a pledge. Although the Foundation may provide an acknowledgement of the pledge for recognition purposes, per IRS regulations the Foundation will not provide any gift receipt to such donors until the pledge is satisfied.

Designated and undesignated bequests

- Designated Bequests: The Foundation will honor the donor’s intended designation unless the donor’s restriction is impossible, impracticable, wasteful or illegal, the Foundation reserves the right to release or modify the restrictions.
- Undesignated Bequests: Proceeds of undesignated bequests will be used for the support of the Foundation and the University.

Donors’ estate administration; drafting of wills; providing bequest language; planned giving forms

- All matured testamentary gifts (trusts and estates) are administered through the Office of Estate and Gift Planning with the assistance of the In-House Counsel. All trustees, executors, and other administrators of estates and trusts that provide for a gift to the Foundation are to be directed to the Office of Estate and Gift Planning.
- Neither the Foundation nor any of its employees acting on behalf of the Foundation may agree to act as the successor trustee of a living trust or the executor of any will in which the University is named as a beneficiary, without the approval of the Committee.

- Foundation employees acting on behalf of the Foundation shall not draft wills or living trusts naming the Foundation as a beneficiary, regardless of whether such employee is licensed to practice law.
- Foundation employees may provide donors with suggested bequest language or assistance with other language pertaining to gift designation within the University. Suggested bequest language is readily available from the Office of Estate and Gift Planning. This assistance can be particularly useful to the donor's estate planning counsel, or in helping donors fill out successor beneficiary designations for retirement plan assets, annuities and life insurance policies naming the Foundation as a beneficiary. The Office of Estate and Gift Planning should be consulted in these circumstances.
- The Office of Estate and Gift Planning may, with the donor's knowledge and written consent, provide donors and their counsel with appropriate legal documents prepared by the Foundation's counsel for planned gifts such as charitable remainder trusts, charitable lead trusts and life estates.

Providing legal or financial advice

No employee of the Foundation shall provide any legal or tax advice or financial planning services to any donor. Prospective donors should be encouraged to seek the assistance of their own legal, tax, and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Donors are ultimately responsible for ensuring their gifts further their charitable, financial, and estate planning goals.

Donor expenses and fees

Unless stated in this policy or explicitly agreed upon and approved by the Committee, the Foundation shall not pay for the donor's legal fees or other expenses and fees for services relating to their gift or acceptance of their gift by the Foundation. Further, to avoid conflicts of interest or the appearance of improper influence, the Foundation shall not pay legal or other fees for the preparation of a donor's will or living trust which names the Foundation or University as a beneficiary.

Qualification and registration

The Foundation qualifies under both federal and state law as a tax-exempt public charity to which charitable contributions are deductible to the full extent of the law for income, gift, and estate tax purposes. The Foundation is registered with the State of Hawai'i and the Attorney General.

Review and amendment of this policy

The Foundation Board of Trustees (the "Board"), with the assistance of the Executive Committee, is responsible for formulating, implementing, and amending this policy. The Executive Committee, shall report to the Board as needed. Responsibility for review of and recommendations regarding amendments to the policy shall be that of the Executive Committee. To amend the policy, a written amendment shall be prepared by the Executive Committee and submitted to the Board for review and approval.