

The RCCC Foundation Gift Acceptance Policy

Statement of Purpose

The Rowan-Cabarrus Community College Foundation (Foundation) strongly encourages the solicitation and acceptance of gifts, in addition to tuition and fees, to fulfill its purpose of teaching and learning. Gifts beyond tuition are necessary in providing continual educational excellence to our community.

Gifts may be sought from individuals, corporations, Foundations, and federal, state and local government. However, they may be sought only as they fit the mission of the Foundation which is raise funds for Rowan Cabarrus Community College

The most useful gifts are those with the fewest restrictions. Unrestricted funds allow the Foundation to address the most pressing needs. Gifts for unrestricted endowments are the most welcome.

The Foundation values and will protect its integrity, its independence, its relationship with Rowan-Cabarrus Community College and its position within the community. Gifts that may expose the Foundation to adverse publicity, require expenditures beyond the Foundation's resources, or involve the Foundation in unexpected responsibilities because of their source, conditions, or purposes will be referred to the RCCC Foundation Board of Directors. Under other circumstances the Executive Director will have the authority to receive gifts for the benefit of the Foundation.

The Foundation is unable to accept gifts which involve unlawful discrimination based upon race, religion, sex, age, national origin, color, handicap, or other basis prohibited by federal, state, and local laws and regulations. Nor can it accept gifts which obligate it to violate its by-laws.

This policy is designed to provide guidance to the Foundation and the general public so as to facilitate the gift-giving process. The Foundation does not intend to stifle philanthropic creativity. Therefore, this policy is to be interpreted liberally so that prospective donors may enjoy the greatest freedom possible in formulating their gifts.

Methods of Giving

Many types of assets may be used to provide gifts to the Foundation. A variety of giving methods allow donors to choose the most appropriate gift-giving vehicle for their circumstances and interests.

Outright Gifts

Outright gifts are those placed at the immediate disposal of the Foundation and in which the donor retains no interest. They may be permanently or temporarily restricted, or unrestricted in purpose. Gifts, which are donated without any express limitation placed upon them, will be credited to the unrestricted fund accounts.

Endowment Funding

The Foundation may approve the establishment of special purpose endowment funds (unrestricted or permanently restricted) upon receipt of gifts or commitments, which meet approved financial and other criteria. (See endowment policy for donation levels, naming options, pledged payments, and establishing criteria for scholarship funds). The Board of Directors must approve endowments bearing individuals' names or otherwise rendered

discrete from unrestricted funds. The Foundation staff and Board of Directors will work with prospective donors on the terms and conditions of other permanently restricted or unrestricted endowment funds provided they support traditional academic activities or functions and are large enough to yield a meaningful annual income. An endowed fund may be established with a gift of not less than \$15,000 per individual gift.

Because conditions change over time, all endowment instruments should contain the following contingency clause:

If, in the opinion of the Board of Directors of the RCCC Foundation, all or part of the funds cannot be applied in strict conformance with purposes previously stated, they may use these funds for other appropriate purposes as nearly aligned to the original intent of the donor as good conscience and need dictate within the authorized powers of the RCCC Foundation Board of Directors.

Cash Gifts

The most frequent method used to make a gift to the RCCC Foundation is a personal check. The postmark date is the gift date for mailed cash gifts. Checks should be made payable to the RCCC Foundation and mailed or delivered to:

Rowan-Cabarrus Community College Foundation
PO Box 1595
1333 Jake Alexander Blvd. South, Building 300
Salisbury, NC 28145-1595

Gifts of Securities

Publicly-traded securities, shares of stock in closely-held companies, bonds, and government issues may be given to the Foundation. Gifts of securities may be made by sending the certificate and an executed stock power for each separate issue of stock or bond.

Publicly-Traded Securities: Securities regularly traded on a public stock exchange. The value of the gift will be the mean of the highest and lowest selling prices quoted for the stock on the day of the gift, as defined below.

Closely-Held Securities: Shares of stock in entities, which have been organized for profit-making purposes, and are rarely traded on stock exchanges. Donors may give shares of closely-held corporate securities in the same manner as publicly-traded securities. However, because closely-held stock is not publicly-traded, these securities present special concerns. To convert them into cash, the RCCC Foundation must own the securities. Thus, it will not, formally or informally, enter into any redemption agreement with the donor. Only the RCCC Foundation Board and its legal counsel may approve the acceptance of closely-held securities.

Methods of Delivery

1. If securities are hand-delivered, the value of the gift will be the mean of its fair market value on the date of delivery. Donors should endorse stock certificates only upon delivery. For securities that are hand delivered, the gift date is the day the securities are delivered.

2. If the securities are mailed, the value of the gift will be its fair market value on the date the securities were post marked. Donors should obtain a stock power from their banker or broker, signing their name exactly as it appears on the certificates, and have their signature guaranteed by their banker or broker. The stock power and letter of instruction should be mailed under separate cover from the stock certificate or related instruments of transfer to the RCCC Foundation. The stock certificate(s) should be sent by registered mail, return receipt requested, to the Executive Director. Unendorsed stock certificates are non-negotiable. The postmark date on the stock power will be used as the gift date when the stock certificate and stock power are mailed under separate covers.

Real Estate

The RCCC Foundation may accept gifts of real estate, including houses, condominiums, commercial properties, farm land, rental property, and undeveloped land, after a thorough review of the following factors:

1. the usefulness of the property for Foundation purposes
2. the marketability of the property
3. the existence of restrictions, reservations, easements, and/or other limitations
4. the existence of encumbrances, such as mortgages and mechanics liens
5. carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses; and fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with Internal Revenue Service standards
6. an assessment of the potential environmental risks will be conducted. This assessment shall include the following:
 - an inquiry of the present owner regarding his, her, or its knowledge of the history of the property;
 - a title search to determine who the prior owners might have been;
 - a consultation with federal, state, and local environmental agencies to find out whether the property has any history of hazardous waste contamination; and
 - a visual inspection of the property for any evidence of environmental hazards.

Note: An environmental audit conducted by a professional service also may be required. For all gifts of real estate, the Executive Director will consult with the RCCC Foundation treasurer and legal counsel concerning the implications of accepting the gift. The decision to accept gifts of real estate resides with the RCCC Foundation Board of Directors.

Tangible Personal Property

The RCCC Foundation may accept gifts of tangible personal property, including works of art, jewelry, antiques, coins, stamps and other collections, automobiles, manuscripts, and books. Such gifts may be accepted only after a thorough review indicates the property is readily marketable or may be used in a manner consistent with one of the purposes for which it was granted status. An essential issue for donors to consider before contributing a gift of tangible personal property is whether they would like the Foundation to use or display the property as doing so may affect the value of the donation.

If The Foundation intends to sell a gift immediately, rather than use it, the donor will be informed. The IRS rules will probably limit the amount of the charitable deduction to the

donor's cost basis. Whenever donors estimate their gifts of tangible personal property at \$5,000 or more, they must obtain a written appraisal by a qualified independent appraiser. The RCCC Foundation cannot appraise or assign valuation to gifts of tangible property. The Executive Director in consultation with the Board of Directors and RCCC Foundation legal counsel must approve the acceptance of such gifts.

Planned Gifts

Long-range gifts or "Planned Gifts" may be either deferred or outright and involve the transfer of substantial assets that affect the distribution of a donor's estate. Such gifts do not immediately confer institutional ownership and generally are not taken out of current earnings. The RCCC Foundation will serve as sole trustee of any deferred gift that requires the appointment of a fiduciary. The acceptable methods of creating deferred gifts to THE RCCC FOUNDATION are described below:

Bequest in Will

A bequest is a gift of any amount or form made to the Foundation in a donor's will. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a percentage of the residue of the estate.

Bequests may be given as unrestricted or restricted gifts. Unrestricted bequests are used for general purposes and can be applied to current needs. A named unrestricted endowment fund may be established as indicated in the above section on "Outright Gifts." the Foundation Board will designate the purpose and use of such a gift. A restricted bequest supports a certain purpose or program designated by the donor. Such a fund may be accepted as a contribution to an existing fund earmarked for a specific need of the Foundation so long as the terms and conditions of the existing fund so permit.

Among donors' options are residuary and contingent bequests. A residuary bequest will give the Foundation all or portion of the estate after all debts, taxes, expenses, and all other bequests have been paid. A contingent bequest will ensure that, despite unforeseen circumstances, specified property will pass to the Foundation rather than unintended beneficiaries.

Donors may also establish, by will, an annuity trust or unitrust. The bequest can be arranged so as to provide a life income for a designated beneficiary by directing that the bequest be used to establish a charitable remainder beneficiary by directing that the bequest be used to establish a charitable remainder annuity trust or charitable remainder upon the death of the life income beneficiary.

Gifts may be made to the Foundation through the execution of a new will or a codicil to an existing will. Donors may also add a residual or contingent codicil to their wills.

Donors are encouraged to recognize that over the years following the establishment of an endowment, the needs, policies, and circumstances of the Foundation can change in unforeseen ways. The Foundation must have the flexibility to make use of the funds in the best interest of the institution and in accordance with donor interests and specifications. Thus, donors are advised to describe the specific purposes of their gifts

as broadly as possible and avoid detailed limitations and restrictions. Donors considering bequests for a specific purpose are encouraged to consult the Executive Director. The inclusion of a flexibility clause similar to the clause in the section on “Endowment Funds” is most desirable.

Charitable Remainder Unitrust

The primary feature of a charitable remainder unitrust is that it provides for periodic payment of income to the donor, or another person specified by the donor, for life or a specified term of years, after which the trust assets pass to the Foundation.

During the lifetime of the donor, he or she creates a formal trust agreement under which assets such as cash, appreciated securities, or both are irrevocably transferred to a trustee who then pays the donor, or a person specified by the donor, an income for life. During the donor’s lifetime, the trust assets are managed and invested by the trustee as a single fund. The donor cannot borrow or otherwise deal with the trust assets. The designated beneficiary receives payments based on a fixed percentage of the net fair market value of the trust as valued annually by the trustee. The donor determines the fixed percentage that may not be less than five percent, upon creation of the unitrust. Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

Charitable Remainder Annuity Trust

The annuity trust shares many common features with the unitrust, the principal difference being the manner used to calculate the payment to the income beneficiary. Whereas the unitrust provides for a payout that varies with each annual valuation, the annuity trust provides for fixed payments based upon the fair market value on the date the trust is established. Another difference is that additional contributions cannot be made to an annuity trust.

The donor during his or her lifetime irrevocably transfers assets to a trustee, who pays the donor, or a person specified by the donor, a fixed dollar amount annually for life. The trust can also provide income for the donor’s survivors for life; however, the trust assets become the sole property of the Foundation.

Charitable Lead Trust

The primary feature of a charitable lead trust is that it provides for the immediate support of the Foundation through income generated by the assets in the trust for a set period of time, after which the assets pass to a non-charitable beneficiary such as the donor, the donor’s children, or other persons the donor specifies. Thus, a charitable lead trust is conceptually the opposite of a charitable remainder trust. In a lead trust, the donor gives the Foundation the current economic benefit of the transferred assets and retains the right to reacquire possession and control of the assets at a future date.

The donor during his or her lifetime creates an irrevocable trust agreement for a period of ten years or more. The agreement may take effect during the donor’s lifetime or be part of the donor’s will. Assets are transferred to trustee, with the stipulation that the income from the assets be paid to the Foundation for the life of the

trust, after which the principal or corpus of the trust reverts back to the donor or others of his or her choosing.

A lead may be advantageous for donors who have a larger income than they currently need and who desire to transfer assets to heirs.

Gifts of Life Insurance

Life insurance can be the medium for giving funds to the Foundation. With it, the donor can make a substantial gift for a relatively modest annual outlay. For instance, a donor may irrevocably assign to the Foundation an existing life insurance policy that is no longer needed for family protection, making the Foundation both the policy owner and the beneficiary. If the donor does not choose to continue paying the premiums, the Foundation may elect to:

- Continue paying the premiums and receive the full face value of the policy at the donor's death.
- Convert the policy to paid-up insurance in a reduced amount with no further payments; or
- Surrender the policy for its present cash value

Before contributing gifts of life insurance to the Foundation, donors should consult with the Development Officer and/or the Executive Director to ensure that their gift will be consistent with the Foundation's policies and needs.

Gifts of Remainder Interest in a Personal Residence or Farm

A donor can give a remainder interest in a personal residence, such as a home, condominium, or a farm to the Foundation. The donor or other occupants may continue to occupy the residence or operate the farm without disruption for the duration of the Foundation for purposes specified or the personal residence or farm will either be sold or used by the Foundation for purposes specified by the donor, if any. The procedures for evaluating proposed gifts of real property, as outlined above, also apply to gifts of remainder interest in property.

If a life estate is retained in the property, expenses for maintenance, real estate taxes, and any indebtedness relating to the property are to be borne by the donor or the primary beneficiary.

Final Approval, Acceptance, and Execution by THE RCCC FOUNDATION

Documents effectuating the acceptance of all gifts, the creation of endowment programs, and the transfer of real or tangible personal property to the Foundation must be approved by the Foundation's legal counsel and executed by the Executive Director. Documents shall be executed in duplicate and the original shall be sent to the donor and to the Executive Director.