GIFT ACCEPTANCE POLICY

Approved: April 25, 2025

The Lamar State College Port Arthur Foundation ("Foundation") is a non-profit organization organized under the laws of the State of Texas and encourages the solicitation and acceptance of gifts to the Foundation for purposes that help the Foundation further and fulfill its mission.

1. **Mission.**

   The Foundation exists solely to support Lamar State College Port Arthur and its mission.

2. **Vision.**

   The Foundation provides individuals and entities the opportunity to make philanthropic investments to support Lamar State College Port Arthur.

3. **Purpose of Policies and Guidelines.**

   The Foundation's Board of Directors (the "Board") and its staff solicit current and deferred gifts from individuals, foundations, and corporations to secure the future growth of the Foundation. Positive relationships among all these parties are essential to the Foundation's financial stability. Responsibility for the preservation and enhancement of philanthropy will be retained by the Board and carried out as herein defined.

   These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies will apply to all gifts received by the Foundation for any of its programs or services.

GENERAL GUIDELINES

All gifts, pledges, and planned gifts to the Foundation require written documentation of donor intent for outright gifts or a copy of appropriate documentation for planned gifts. Pledges will not be counted or entered without proper documentation. All gifts and pledges will be recorded in compliance with IRS regulations and FASB[1] accounting standards.

The Foundation will exercise due diligence in establishing relationships with potential donors to determine and evaluate the donor's motives for making a gift. The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of the Foundation.

The Foundation aggressively pursues gifts by outright transfer, by bequest, and by revocable or qualified irrevocable life-income plans. In all cases, the Foundation reserves the right to decline any gift based on the funding property or any terms which are deemed by the Board to be unacceptable.

1. **Use of Legal Counsel**

[1] Financial Accounting Standards Board

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

1.1. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
1.2. Documents naming the Foundation as Executor or Trustee.
1.3. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation.
1.4. Transactions with potential conflict of interest that may invoke IRS sanctions.
1.5. Other instances in which use of counsel is deemed appropriate by the Foundation.

CONFLICT OF INTEREST

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

Foundation staff and the members of the Board **<u>may not</u>**:

a. benefit personally from gifts received;
b. participate in any activity that could be deemed a conflict of interest; or
c. pay a finder's fee or other private inurement to anyone because of such persons' involvement in acquiring gifts for the Foundation.

1. **Standard of Conduct and Confidentiality.**

The Foundation will not knowingly accept gifts that result in an unethical or illegal advantage to the donor or to a third party. In situations where staff members, advisors, or consultants retained by the Foundation prepare documents in any form to a potential donor, it will be disclosed to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor.

The Foundation will hold all information obtained from or about donors in strict confidence. Neither the name, the amount, nor the conditions of any gift will be made public without the prior approval of the donor.

2. **Responsibility.**

The Board is responsible for reviewing these policies as needed. Foundation staff bears responsibility for maintaining these policies on a day-to-day basis.

GIFTS

1. **Restrictions on Gifts.**

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Foundation.

2. **Types of Gifts.**

The following assets are acceptable as gifts, either outright or in bequests or devises (estate gifts), or when appropriate, as funding for a charitable remainder trust or lead trust as determined by the Internal Revenue Code.

2.1. Cash
2.2. Tangible Personal Property
2.3. Securities
2.4. Real Estate
2.5. Remainder Interests in Property
2.6. Oil, Gas, and Mineral Interests
2.7. Bargain Sales
2.8. Life Insurance
2.9. Charitable Gift Annuities
2.10. Charitable Remainder Trusts
2.11. Charitable Lead Trusts
2.12. Retirement Plan Beneficiary Designations
2.13. Bequests
2.14. Life Insurance Beneficiary Designations
2.15. Matching Gifts

The following criteria govern the acceptance of each gift form:

2.16. **Cash.**

Cash is acceptable in any form. Checks shall be made payable to the *Lamar State College Port Arthur Foundation* and shall be delivered to the Foundation's administrative offices.

2.17. **Tangible Personal Property.**

All other gifts of tangible personal property shall be examined in light of the following criteria:

2.17.1. Does the property fulfill the mission of the Foundation?
2.17.2. Is the property marketable?
2.17.3. Are there any undue restrictions on the use, display, or sale of the property?
2.17.4. Are there any carrying costs for the property?

2.18. **Securities.**

The Foundation can accept both publicly traded securities and closely held securities. Gifts of readily marketable, public securities will be credited at the fair market value based on the average of the high and low quoted selling prices on the date delivered to the Foundation. Shares of mutual funds will be credited at the closing net asset value of the shares on the gift date.

2.18.1. **Publicly Traded Securities.**

Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor’s signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed by the Foundation. In some cases marketable securities may be restricted by applicable securities laws; in such instance the final determination on the acceptance of the restricted securities shall be made by the Foundation.

2.18.2. **Closely Held Securities.**

Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of the Foundation. However, gifts must be reviewed prior to acceptance to determine:

- There are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash;
- the security is marketable; and
- Security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The Foundation and legal counsel shall make the final determination on the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

No employee or volunteer may make a commitment to a donor that a particular security will be held by the Foundation, unless otherwise directed by the Director of the Foundation.

2.19. **Real Estate.**

Gifts of real estate may include developed property, undeveloped property, or gifts subject to prior life interest. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage. Environmental inspection forms are attached as an appendix to this document. If the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

2.20. **Test**

A title search and tax certificate shall be obtained by the Foundation prior to the acceptance of the real property gift to ensure proper vesting and conveyance. The cost of the title search and tax certificate shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Foundation and by the Foundation's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

Mortgage-free real property is generally acceptable. Full interests, partial interests, and remainder interests in real property may be acceptable. In the case of such gifts, the donor will be expected to agree to pay all property taxes, maintain the property, and provide environmental audit and adequate insurance on the property.

Conditions for acceptance will include salability and annual maintenance costs including evaluation of any liens against the property and any real estate taxes. Donor will be asked to sign a statement regarding liability for previous and current environmental or other conditions on the recommendation of the Foundation's counsel.

2.21. **Remainder Interests in Property.**

The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary.

2.22. **Oil, Gas, and Mineral Interests.**

The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Foundation, and if necessary, by the Foundation's legal counsel. Working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences. The property should undergo an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

2.23. **Bargain Sales.** The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and recommended by the Foundation. Factors used in determining the appropriateness of the transaction include:

2.23.1. The Foundation must obtain a certified real estate appraisal by a licensed appraiser or a Broker's Opinion of Value by a licensed real estate agent.

2.23.2. If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.

2.23.3. The Foundation must determine that it will use the property, or that there is a market for the sale of the property, allowing sale within 12 months of receipt.

2.23.4. The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

2.23.5. A title search and tax certificate shall be obtained by the Foundation prior to the acceptance of the real property gift to ensure proper vesting and conveyance.

2.23.6. continue to pay the premiums;

2.23.7. convert the policy to paid up insurance; or

2.23.8. surrender the policy for its current cash value.

2.24. **Life Insurance.**

The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:

2.24.1. continue to pay the premiums;

2.24.2. convert the policy to paid up insurance; or

2.24.3. surrender the policy for its current cash value.

2.25. **Charitable Gift Annuities.**

The Foundation may offer charitable gift annuities. The minimum gift for funding is $5,000. The Foundation may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity.

Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Foundation may approve exceptions to this payment schedule.

The Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Foundation may accept real estate, tangible personal property, or other liquid assets in exchange for deferred gift annuities so long as there is at least a 5-year period before the commencement of the annuity payment date, the value of the property is reasonably certain, and the Foundation approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation.

2.26. **Charitable Remainder Trusts.**

The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Foundation. The Foundation will not accept appointment as trustee of a charitable remainder trust.

2.27. **Charitable Lead Trusts.**

The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Board will not accept an appointment as Trustee of a charitable lead trust.

2.28. **Retirement Plan Beneficiary Designations.**

Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of their retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

2.29. **Bequests.**

Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

2.30. **Life Insurance Beneficiary Designations.**

Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

2.31. **Matching Gifts**.

Matching gifts received from foundations and corporations will be credited to the organization that makes the matching gift. The individual recommending the matching gift will receive "soft credit"—the individual's giving record will reflect inclusion of the matching gift, although the gift itself will count only once in report, fund, and/or campaign totals. Payments from matching gift organizations may be applied as payment toward an individual's pledge only if allowed by the matching organization. The matching gift will be used for the same purpose as the recommending donor's original gift, unless that use is prohibited by the matching gift organization's guidelines.

PLANNED GIVING

No planned giving agreement will be urged upon any donor or prospective donor that would benefit the Foundation but take unfair advantage of the donor. The Foundation encourages unrestricted estate and planned gifts, since specific designations may become inactive or non-existent over time. The Foundation reserves the right to decline restricted estate gifts.

Upon the donor's request, the Lamar State College Port Arthur Foundation will provide language to assist in establishing a restricted estate or planned gift. The sample language will include the following: "This designation represents a preferred use for these funds and is not an absolute restriction. Should the exact designation cease to be effective or practicable before or after the gift is received by Lamar State College Port Arthur Foundation, Lamar State College Port Arthur Foundation is authorized to use this gift in an alternative way consistent with the general intent of this designation." Should the gift be redirected based on institutional mission, the donors and/or heirs will be notified. Gifts received where the Foundation had no prior knowledge of the amount or nature of the gift will be treated as if the language above had been included, unless legally impossible.

All prospective donors are encouraged to seek the advice of their own professional counsel in matters relating to gift and estate tax planning.

1. **Estate Commitments**. The Foundation is grateful to donors who choose to include the Foundation among the beneficiaries of their estates. Donors who inform the Foundation of an estate commitment, and who produce documentation of the planned bequest, will be recognized as a donor. Such documentation will most commonly be provided in the form of a copy of the cover page and relevant sections of the donor's will or trust agreement.

2. **Estate Distributions**. Distributions from estates and trusts that are received by the Foundation and that have not been counted as bequest commitments at a previous date will be credited at full value on the date that funds are realized by the Foundation.

   Undesignated bequests and trust distributions may be subject to review and possible designation by the Board.

3. **Valuing Gifts.**

   In consonance with the tax laws, full responsibility rests on the donor in claiming any deductions including filing Form 8283 and obtaining any appraisals or other documentation. Full responsibility also rests on the donor for the value given to tangible personal property, and each donor will be requested to give the Foundation a written statement of value for these types of gifts for accounting purposes.

4. **Miscellaneous Provisions.**

   4.1. **Securing appraisals and legal fees for gifts to the Foundation.** It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.

   4.2. **Valuation of gifts for development purposes.** The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.

   4.3. **Responsibility for IRS Filings upon sale of gift items.** The Foundation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than $5,000. The Foundation must file this form within 125 days of the date of sale or disposition of the asset. IRS Form 8282 with Filing Instructions is attached as an appendix to these policies.

   Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Foundation. IRS Publication 561 Determining the Value of Donated Property and IRS Publication 526 Charitable Contributions are attached to these policies as an Appendix.

5. **Changes to Gift Acceptance Policies.**

   These policies and guidelines have been reviewed and accepted by the Foundation. The Foundation must approve any changes to, or deviations from, these policies.

   Approved on April X, 2025.

   Chair, Board of Directors, Lamar State College Port Arthur Foundation

6. **Links to IRS Documents.**

   6.1. IRS Form 8282 and Instructions. Form 8282 (Rev. October 2021)
   6.2. IRS Publication 561 Determining the Value of Donated Property. Publication 561 (12/2024), Determining the Value of Donated Property | Internal Revenue Service

6.3. IRS Publication 526 Charitable Contributions. Publication 526 (2024), Charitable Contributions | Internal Revenue Service