

Development and Alumni Relations Gift Acceptance Policy

INTRODUCTION AND GUIDING PRINCIPLES

Since its founding, Grinnell College has existed to provide a lively academic community of students and teachers of high scholarly qualifications from diverse social and cultural circumstances. Among the College's strategic priorities is a vision to achieve financial sustainability while maintaining intergenerational equity. In order to sustainably meet its mission at the highest level, the College welcomes the active engagement of alumni and friends who support the College by sharing their time, talent, and connections, and by making outright and planned gifts.

At Grinnell, the Office of Development and Alumni Relations ("DAR") has chief responsibility for providing alumni- and donor-centric engagement opportunities in support of advancing the College's mission. DAR supports the cultivation, solicitation, and stewardship of philanthropic gifts in accordance with all applicable policies. DAR staff members help ensure the responsible use of donations and work to communicate about the impact of giving to the College.

The College is firmly committed to its Guiding Principles regarding philanthropic support and charitable giving in support of the College. Grinnell accepts gifts that have a reasonable expectation of benefiting the College and serving the College's mission. Grinnell College will not knowingly encourage any gifts that are inappropriate in light of the donor's disclosed personal or financial situation. The College reserves the right to deny any gift from any donor. Several factors may be considered when assessing whether a gift will serve the College's interests.

This Policy is designed to assure that all gifts to, or for the use of, Grinnell College are structured to benefit Grinnell College while ensuring fidelity to donor intent. Because some gift situations may be complex, or more costly than beneficial, or restricted in a manner not keeping with Grinnell College's goal of philanthropy that benefits the College, this Policy has been developed to outline the procedures for assessing and accepting gifts to Grinnell College for the College's benefit.

Gifts may be accepted from both individual and organizational donors. Organizational donors include partnerships, corporations, foundations, government agencies, or other entities. Grinnell College reserves the right to deny any gift from any donor. The source of funds may be a factor when determining whether Grinnell College should accept or decline a gift. This may be easier to discern when the funds are gifted from an organization rather than an individual donor. **The ultimate authority and discretion in accepting or denying gifts lies with the President and the Board of Trustees.**

The guidance in this Policy concerning the reporting of gifts for tax purposes is based on the law at the time this Policy is adopted. Dollar thresholds (e.g., \$5,000 threshold applicable to non-cash gifts, etc.), reporting requirements to the Internal Revenue Service, and other matters relating to the tax treatment of

charitable contributions may be affected by subsequent legislative, regulatory, and judicial developments. This Policy shall be construed to be consistent with applicable tax and legal requirements in effect at the time of the gift.

While this document is intended to provide guidance to Grinnell College personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers their charitable, financial, and estate planning goals. Therefore, donors are to be encouraged to seek the advice of independent legal and financial counsel in the gift planning process. It is not within the province of Grinnell College or its staff to give legal, accounting, tax, or other advice to donors or prospective donors.

PROCEDURES - GENERAL

A) ADMINISTRATIVE RESPONSIBILITY FOR POLICY

Overall responsibility for assuring compliance with the requirements of this Policy is assigned to Grinnell College's Board of Trustees. The President and the Board of Trustees may delegate certain responsibilities relating to the recommendation of acceptance of gifts to the Gift Acceptance Committee (described in Section C). The President and Board of Trustees also may delegate certain responsibilities relating to the acceptance of gifts to the Grinnell College DAR staff.

All gift proposals shall initially be screened by DAR staff. In appropriate cases, as set forth more particularly below, gift proposals shall be further screened by the President, senior management, Grinnell College's legal advisors, the Gift Acceptance Committee, the Board of Trustees ad hoc Advancement, Finance, or Investment Committees, and/or the Board of Trustees. In cases where gift proposals would benefit a specific program, department, or unit on campus, leadership of relevant campus constituencies will be involved in proposal screening. Additionally, the College's DAR Division has a detailed policy outlining procedures it follows for various types of gifts.

B) CHANGES TO POLICY

The terms and conditions of this Policy are subject to change at any time. Nothing in this Policy is intended to be construed, or shall be deemed to create, any right or remedies in any third party, including, but not limited to, any donor to Grinnell College. If applicable, any rights and obligations with respect to a particular donor will be set forth in the gift instrument executed in connection with the gift.

C) GIFT ACCEPTANCE COMMITTEE

The role of the Gift Acceptance Committee (the "Committee") shall be to review the appropriateness of accepting certain gifts and make a recommendation to the President and Board of Trustees on whether the College should accept a gift or not. The Committee will recommend accepting, or not accepting, gifts of material risk to the President of Grinnell College for review and approval. The Board of Trustees' Finance, Investment, or Advancement Committees may advise the Board of Trustees about gifts under consideration and/or consult the Board of Trustees as the President and Board of Trustees deems appropriate.

1) Committee Members. The Committee shall consist of the following voting members:

- a) Grinnell College Staff Committee Members
 1. Grinnell College Vice President for Development and Alumni Relations. This person shall serve as the Chair of the Committee.
 2. Grinnell College Director of Development
 3. Grinnell College Vice President for Finance and Treasurer (or designee)
 4. Grinnell College Chief Investment Officer (or designee)
 5. One Grinnell College faculty representative, selected in consultation with the College Executive Council and appointed by the President of the College or Dean
 6. One representative of Grinnell College Staff Senior Leadership group, appointed by the President of the College
 7. One student, selected in consultation with the Student Government Association and appointed by the President of the College
 8. President of the Grinnell College Alumni Council

All Committee members are required to sign the Development and Alumni Relations' confidentiality statement prior to the beginning of Committee service.

The Vice President for Development and Alumni Relations shall select a Secretary to record meeting minutes. The Secretary is a non-voting member of the Committee and does not count towards quorum.

- 2) Committee Member Terms. The terms of the faculty representative and College administration shall be up to three years, which may be extended for one additional three-year term. The term of the student shall be for one year, which may be extended for one additional one-year term. A year is considered to be on a College fiscal year basis. In order to provide continuity and expertise on the Committee, terms of the faculty representative and senior leadership shall be staggered.

If a Committee member leaves the Committee prior to the expiration of their respective term, a newly appointed member will serve the remainder of the term, which may be extended for one additional three-year term.

- 3) Committee Meeting. The Committee shall meet at least annually, and shall call special meetings as necessary to review specific gifts.
- 4) Quorum Required. The Committee must have a quorum (at least four members) in attendance in order to vote to recommend approving or declining gifts. Attendance may be considered to be in person, participating via conference call, or via email, if the meeting is held in an email format.
- 5) Majority Vote Required. Recommendations of the Committee must be made by a majority vote of the quorum.
- 6) If a majority recommendation cannot be reached, the Committee will let the President know the outcome of the vote. The President may, in his/her discretion, determine whether the offer of a gift will be forwarded to Grinnell College's Board of Trustees for review and final decision.

D) RISK CATEGORIES OF GIFTS

Gifts are classified into three categories based on whether the risk associated with acceptance is considered

material, moderate, or marginal. Factors to be considered when setting risk levels include, but are not limited to, the ability to successfully convert a gift to cash, cash equivalents or other investable assets, additional liquidity considerations/challenges and potential reputational repercussions associated with accepting a gift. The College's DAR staff has the primary responsibility for evaluating risks associated with a gift and assigning a risk level as outlined below.

1) Material Risk

This category of gifts present the greatest perceived or material risk to Grinnell College and must be reviewed for recommendation by the Committee. If possible, a draft of the gift instrument (e.g., Memorandum of Agreement, Fund Agreement, Memorandum of Understanding, etc.) will be included as part of the presentation to Committee. It is understood that all gifts considered to be of material risk shall be documented with a written understanding between the donor and Grinnell College.

Gifts of perceived or real material risk may include, but are not limited to:

- a) Non-publicly traded securities
- b) Gifts of existing business interests
- c) Charitable lead trusts
- d) Gifts of real property
- e) Gifts of personal property (other than property identified in 1.a above) with a fair market value exceeding \$100,000 if not retained by Grinnell College
- f) All gifts of real or tangible personal property subject to donor restrictions regarding property disposal
- g) All gifts of unusual items or gifts of questionable value
- h) Charitable remainder trusts and charitable gift annuities funded with non-publicly and thinly traded securities, real property, tangible personal property or other assets
- i) Gifts of life insurance where Grinnell College is beneficiary only
- j) Gifts that have a perceived or real conflict of interest
- k) One-time cash gifts or pledges with significant donor restrictions or conditions; as determined by the Vice President for Development and Alumni Relations
- l) Gifts exposing the College to reputational risk as determined by the President and Board of Trustees

2) Moderate Risk

This category of gifts presents an identifiable level of risk to Grinnell College. Gifts considered to present moderate risks may be accepted by the College's DAR staff after approval by the President, who may consult with the College's Vice President for Development and Alumni Relations and the Vice President for Finance and Treasurer or Chief Investment Officer as determined by the College's Bylaws. The Committee shall be informed, via an annual report, of gifts valued at \$100,000 or more and considered to be of moderate risk.

Gifts of perceived or real moderate risk may include, but are not limited to:

- a) Charitable remainder trusts and charitable gift annuities (funded with cash or publicly traded securities)
- b) Gifts of personal property with a fair market value from \$10,000 - \$99,999 if not to be retained by the College
- c) Gifts of personal property with a fair market value that exceeds \$100,000 if it is to be retained by the College
- d) Gifts of life insurance where Grinnell College is the beneficiary and the owner

3) Marginal Risk

This category of gifts presents very little risk to Grinnell College. All other gifts are considered to be gifts of marginal risk and may be accepted by the College's DAR staff. This includes gifts in kind with a fair market value less than or equal to \$10,000.

E) APPRAISALS

Legal and ethical requirements, designed to protect both the donor and Grinnell College, prohibit Grinnell College itself from appraising most gifts. Such appraisals are to be conducted by appraiser's independent from Grinnell College. The cost of an appraisal will be the donor's responsibility.

The policy of Grinnell College is for donors to provide their own appraisals at their own expense. Grinnell College reserves the right to conduct appraisals for internal accounting or other purposes.

F) EVALUATION OF COSTS ASSOCIATED WITH ACCEPTANCE OF CERTAIN GIFTS

Proposed gifts of non-cash property and restricted gifts must be evaluated by the College's DAR staff to determine whether the restrictions and costs to Grinnell College associated with receiving the gift can be prudently accommodated by Grinnell College. Non- cash property and restricted gifts shall only be accepted in accordance with this Policy.

Grinnell College may incur and pay reasonable fees for professional services rendered to or for the benefit of Grinnell College in connection with the completion of a gift to Grinnell College. Where advisors retained by Grinnell College prepare documents or render services of any kind to Grinnell College and/or to a donor on behalf of Grinnell College, the donor shall be informed that the professional involved is retained by Grinnell College and is not acting on behalf of the donor and that any advice given or documents prepared should be reviewed by donor's counsel prior to completion of the gift.

G) GIFT ACKNOWLEDGEMENT

Grinnell College will provide donors with a charitable gift statement within 30 days of receipt of cash and cash equivalents. The statement will also indicate Grinnell College's 501(c)(3) IRS status. It is the responsibility of donor(s) to accurately and properly document their charitable gifts on their individual IRS tax returns and consult their legal, financial and tax advisors, when necessary.

All donors are to be furnished gift acknowledgement letters and receipts that comply with CASE, FASB,

and IRS rules. Gifts that have been accepted and receipted as charitable gifts by Grinnell College shall not be returned to the donor(s) unless deemed prudent to do so by the College, as determined by the Vice President for Development and Alumni Relations.

Gifts of time (for example time spent volunteering on a leadership group or at an event) will not be credited as charitable gifts to Grinnell College.

H) ACCEPTANCE AND ADMINISTRATION OF RESTRICTED GIFTS

Frequently, donors require that gifts be used by Grinnell College in particular ways. It is the responsibility of Grinnell College to comply with such requirements if the gift is accepted. The Grinnell College Vice President for Development and Alumni Relations, or designee, is responsible for assuring arrangements are made to achieve compliance with such requirements. It is the responsibility of donors to inform Grinnell College of their wishes to restrict gifts. Restrictions must be documented in writing by donor in a Gift Agreement and often in accordance with Grinnell College's Fund Administration Policy. Gifts with restrictions that do not further Grinnell College's mission will not be accepted.