

**TEXAS A&M UNIVERSITY 12th MAN FOUNDATION
GIFT ACCEPTANCE POLICIES AND GUIDELINES
EXECUTIVE SUMMARY**

Purpose of Policies and Guidelines

The 12th Man Foundation solicits current and deferred gifts from individuals, corporations, foundations, and other entities. This document outlines objective procedures for analyzing and accepting charitable gifts to the Foundation.

Conflict of Interest

Each prospective donor is recommended to seek the advice of independent legal counsel in the gift planning process. The 12th Man Foundation shall not provide legal, accounting, tax or other advice to prospective donors.

Responsibility to Donors

The 12th Man Foundation staff will adhere to strict confidentiality regarding any information, records, and personal documents pertaining to donor and gifts.

Restrictions on Gifts

The 12th Man Foundation will accept unrestricted gifts and restricted gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission. Final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the 12th Man Foundation President on behalf of the Board of Trustees. Certain types of gifts are subject to review by the Gift Acceptance Committee prior to acceptance due to special liabilities they may pose for the 12th Man Foundation.

Gift Acceptance Committee

The gift acceptance committee is charged with the responsibility of reviewing and accepting gifts made to the Foundation on an as needed basis. Action of the Committee on any proposed gift may occur by meeting or by written action. The gift acceptance committee shall consist of:

Foundation Staff

1. Foundation President and CEO
2. Foundation Senior Vice President of Finance
3. Foundation Senior Vice President of Annual Fund and Donor Services
4. Foundation Senior Vice President of Major Giving Programs

Non-Staff Committee Members

1. Annual Fund Committee Chair
2. Major Gifts Committee Chair
3. Legal Committee Chair

Changes to Gift Acceptance Policies

The gift acceptance committee of the Foundation must approve any changes to, or deviations from, these policies.

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I. Introduction

Texas A&M University 12th Man Foundation (the “Foundation”), a Nonprofit Corporation under the laws of the State of Texas, encourages the solicitation and acceptance of gifts for purposes that will help the Foundation to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the Foundation.

The mission of the Foundation is to enhance Texas A&M’s athletic success by funding scholarships, programs and facilities in support of championship athletics.

II. Purpose of Policies and Guidelines

The Foundation solicits current and deferred gifts from individuals, corporations, foundations, and other entities to further its mission. This document outlines objective procedures for analyzing and accepting charitable gifts to the Foundation. In addition, this document provides guidance to prospective donors and their advisors when making gifts to the Foundation. The provisions of these policies shall apply to all gifts received by the Foundation for any of its programs or services.

III. Use of Legal Counsel

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate.

IV. Conflict of Interest

While this document is intended to provide guidance to Foundation personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers his/her charitable, financial and estate planning goals. Each prospective donor is recommended to seek the advice of independent legal counsel in the gift planning process. The Foundation shall not provide legal, accounting, tax or other advice to prospective donors.

V. Responsibility to Donors

In accordance with best stewardship practices and the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and related regulations, the Foundation will provide a timely written statement or acknowledgment of a donor’s contribution that includes the institution’s name; amount of cash contribution or description (but not value) of non-cash contribution; and a statement that no goods or services were provided by the institution in return for the contribution (if that was the case) or description and good faith estimate of the value of goods or services, if any, the institution provided in return for the contribution.

The Foundation staff will adhere to strict confidentiality regarding any information, records, and personal documents pertaining to donor and gifts. Gift records will only be released when

authorized by the donor or as required by law. The Foundation shall respect the wishes of donors requesting to support the Foundation anonymously.

VI. Restrictions on Gifts

The Foundation will accept unrestricted gifts and restricted gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission. Final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Foundation President on behalf of the Board of Trustees. Certain types of gifts are subject to review, at the discretion of the Foundation President, by the Gift Acceptance Committee prior to acceptance due to special liabilities they may pose for the Foundation.

VII. The Gift Acceptance Committee

The gift acceptance committee shall consist of:

Foundation Staff

1. Foundation President and CEO
2. Foundation Senior Vice President of Finance
3. Foundation Senior Vice President of Annual Fund and Donor Services
4. Foundation Senior Vice President of Major Giving Programs

Non-Staff Committee Members

1. Annual Fund Committee Chair
2. Major Gifts Committee Chair
3. Legal Committee Chair

The gift acceptance committee is charged with the responsibility of reviewing and accepting gifts made to the Foundation on an as needed basis. Action of the Committee on any proposed gift may occur by meeting or by written action.

VIII. Categories of Gifts & Acceptance Process

The Foundation has classified gifts into two categories, based on the level of risk associated with acceptance:

Gifts Generally Accepted Without Committee Review

- Cash
- Marketable Securities
- Corporate Matching Gifts
- Charitable Remainder Trusts
- Charitable Lead Trusts

Gifts Accepted Subject to Committee Review (at the discretion of the Foundation President)

- Tangible or Intangible Personal Property (Gifts-in-Kind)
- Charitable Gift Annuities
- Life Insurance (Foundation as Owner)
- Real Property
- All Other

IX. Types of Gifts Accepted

Gifts to the Foundation may be in the form of outright gifts, pledges or deferred commitments.

Outright Gifts

Cash & Cash Equivalents

Definition

Cash is the most common and easiest form of contribution to the Foundation. These gifts can be received in the form of currency, check, or credit card (American Express, Discover, Visa, MasterCard) and can be delivered in person, by mail, Electronic Fund Transfer (EFT) or wire transfer.

Valuation

Cash is most often presented as USD and is valued at face value. If foreign currency is received, its value is calculated at the exchange rate on the date of receipt.

Gift Date

Cash gifts are reported with the date the cash is received. At the end of a calendar year, the Foundation will honor the gift as of the postmark date on the envelope. For EFT and wire transfers, the gifts are reported with the date the funds are transferred into the Foundation's bank account. Credit card contributions are reported with the date the card is charged and the transaction is complete.

Marketable Securities

Definition

Marketable securities (stocks, bonds, and mutual funds) are corporate interests that are traded on at least one stock exchange (i.e., New York Stock Exchange, NASDAQ).

Valuation

Marketable securities are valued at the average of the high and low price of the security as of the date received in the Foundation's brokerage account. Gains or losses on the sale of securities,

brokerage fees, or other expenses associated with the sale will not affect the reported gift value.

Gift Date

The date of the gift is defined as the postmark date on the envelope, the date the security is hand delivered (physical certificates), or the date the security is received in the Foundation's brokerage account.

The Foundation intends to sell securities received as expeditiously as possible.

Corporate Matching Gifts

Definition

Corporate matching gifts are a type of philanthropic gift in which companies financially match donations that their employees make to nonprofit organizations. In most cases, an employee will fill out a matching gift submission request and submit it to their company's HR department. There is typically a review process set in place by the company to determine if the nonprofit meets the company's guidelines to receive matching gifts.

Like cash, these gifts can be received in the form of currency, check or credit card and can be delivered in person, by mail, EFT or wire transfer.

Valuation

Corporate matching gifts are valued at face value.

Gift Date

Once a corporate matching gift is confirmed, a pledge receivable is recorded on the matching company's account and is linked to the donor's account. The gift date is reported with the date the cash is received from the company. The donor receives priority points for the company's matching gift.

Charitable Remainder Trusts (Foundation as Trustee)

Definition

A charitable remainder trust is established when a donor irrevocably transfers assets to the Foundation (trustee), who then invests the trust's assets, and in return the donor and/or other beneficiary receives income each year for life or a period not exceeding 20 years.

There are two types of charitable remainder trusts: annuity and unitrust.

- **Annuity trusts** distribute fixed income payments through the life of the trust.
- **Unitrusts** distribute income payments based on a fixed percentage of the annual market value of trust assets and will vary in amount as the value of the assets change. Income in excess of the annual payment is added to the principal.

In both cases, payments may be set for life or a term not to exceed 20 years. In addition, payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation.

Valuation

The Foundation will accept either cash, marketable securities, or real property for the transferred assets. The underlying asset used to fund the trust will be valued as of the effective date the asset is received by the Foundation. These assets will be valued as identified in the applicable sections.

Other Considerations

Charitable remainder trusts must be at least \$25,000 gross minimum for term of years unitrust or annuity trusts; and \$25,000 discounted present value for life term unitrusts or annuity trusts. Any gift which is not within these guidelines will be reviewed considering the donor's other gifts and potential, as well as the costs of administration.

The Foundation will accept appointment as trustee when the requirements stated above are met. Generally, the Foundation must be a 50% remainder beneficiary for the Foundation to serve as trustee. However, in consideration of the donor's interest and total philanthropy, the Foundation will consider appointment when the remainder beneficiary is at least 50% Texas A&M University, The Association of Former Students, Texas A&M Foundation or the 12th Man Foundation, individually or combined.

Charitable Lead Trusts

Definition

A charitable lead trust is designed to make periodic income payments to one or more charities for a period of time, with the remaining assets eventually going to family members or other non-charitable beneficiaries.

Valuation

The present value of the income stream will be calculated based upon the annual fixed amount (charitable lead annuity trust) or fixed percentage of the market value of the trust (charitable lead unitrust).

Other Considerations

Charitable lead trust provides payments on at least an annual basis. Unlike charitable remainder trusts, charitable lead trusts are not held to the same mandatory time limit of 20 years with the fixed term option. There is no required minimum or maximum payment to the charitable beneficiaries, so long as payments are made annually.

The Foundation will not serve as trustee of a charitable lead trust due to its inherent conflict of interest.

Tangible and/or Intangible Personal Property (Gifts-in-Kind)

Definition

Property that is not classified as real property is classified as personal property. Examples of tangible personal property include, but are not limited to, art, furniture, livestock, equipment, and vehicles. Examples of intangible personal property include, but are not limited to, intellectual property such as patents, copyrights and software under development.

Tangible and/or Intangible Personal Property can either be retained for Foundation/ Athletic Department use or sold for proceeds to further the Foundation's mission. If the Foundation has intentions to sell the property and use the proceeds to further its charitable activities, this shall be communicated to the donor in writing at the time of the gift.

Valuation

Gifts of \$5,000 and under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the staff of the Foundation.

Gifts with fair market values exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing noncash charitable contributions.

Evaluation

Gifts-in-kind will only be accepted if the property donated is the result of a direct request made by the President of the Foundation. Not all gifts offered may be deemed acceptable by the Foundation. The property must complement the mission of the Foundation in order to be accepted. The use of the property must be clearly documented and approved by the Foundation President. Individual employees do not have the authority to give gift-in-kind credit to any donor without prior approval from the Foundation President.

Gift Date

For tangible personal property – The gift date will be the date that the Foundation confirms it is in possession of the property.

For intangible personal property – The gift date will be the effective date in the conveyance document.

Other Considerations

At the request of the Texas A&M University Athletic Director or the Foundation President:

The following gifts will be considered for credit as capital campaign gifts-in-kind

- Construction of facilities
- Architectural renderings

- Social functions in support of Foundation fundraising efforts.
- Private air travel of official party to view athletic facilities in preparation for athletic facility concepts and construction. For private air travel, the flight must be conducted pursuant to 14 C.F.R. Part 135 ("Part 135") and the donor must provide the appropriate documentation, including its Part 135 certificate, to the 12th Man Foundation confirming adherence to the rule and verification of appropriate insurance and compliance with Part 135 prior to any travel being arranged. Gift-in-kind will not be given for private air travel classified by or conducted under 14 C.F. R. Part 91.

The following gifts will be considered for credit as MVP program annual donations

- Private air travel for university athletic purposes, including student-athlete recruitment. For private air travel, the flight must be conducted pursuant to 14 C.F.R. Part 135 ("Part 135") and the donor must provide the appropriate documentation, including its Part 135 certificate, to the 12th Man Foundation confirming adherence to the rule and verification of appropriate insurance and compliance with Part 135 prior to any travel being arranged. Gift-in-kind will not be given for private air travel classified by or conducted under 14 C.F. R. Part 91.
- Social functions in support of Foundation donor programs
- Transportation of university athletic team equipment to and from athletic contests
- Provision of other equipment or services directly related to support athletics or the Foundation

With approval of the President of the Foundation, some gifts-in-kind may be applicable toward annual donations for benefits. That designation is not to be assumed by the donor until confirmed in writing from the President.

Title to the property should be clear, unencumbered, and properly documented. Careful consideration should be given to maintenance, insurance, storage, and transportation costs of all gifts-in-kind.

If the property is sold or otherwise disposed of within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.

Charitable Gift Annuities

Definition

A charitable gift annuity is a contract between the Foundation and the donor that falls in the category of planned giving. The donor makes an initial payment to the Foundation (in the form of cash or marketable securities) in exchange for a partial tax deduction and a lifetime stream of annual income for one or two individuals. The assets of the Foundation back the income payments of a gift annuity contract. The maximum annual payment to the annuitant is based on the annuitant's age and the fair market value of the initial contribution made. Since the annuitant expects to receive payments from the Foundation for the remainder of his/her lifetime, the actual

“gift” to the Foundation has a value of significantly less than the annuitant’s initial payment. The Foundation offers the gift annuity rates recommended by the American Council on Gift Annuities.

There are two types of gift annuities: current or deferred.

- A **current** gift annuity begins payments at the next payment date (quarterly, biannually or annually).
- A **deferred** gift annuity has an initial payment that is at least one year after the gift date. The deferral date will be at the discretion of the donor, subject to minimum age requirements identified below.

Valuation

The Foundation will accept either cash or marketable securities for the initial payment. These assets will be valued as identified in the applicable sections.

Other Considerations

The minimum acceptable contribution to establish a charitable gift annuity is \$25,000.

The gift annuity is completed when the Foundation has a signed disclosure statement, proof of age, a signed Gift Annuity Agreement, and the donated assets.

Life Insurance (Foundation as Owner)

Definition

The Foundation may become the sole owner and beneficiary of a life insurance policy through a donor’s existing policy or through the establishment of a new policy.

Valuation

Life insurance is valued at the cash surrender value at the time of the gift. Additional premium payments will be recorded as outright gifts upon receipt.

Evaluation

The Foundation will review cash surrender value as provided by the insurance company.

Other Considerations

Gift acceptance requires the following:

- The Foundation may accept both paid-up policies and those with continuing premiums.
- The minimum face value of acceptance for the Foundation to become owner of a life insurance policy is \$25,000.
- The donor makes the initial gift to the Foundation. The Foundation makes premium payments directly to the insurance company (the insurance company notifies the Foundation in advance of due dates of such payments).

- The donor agrees to be responsible for making additional premium payments if interest rates fall below expectations and premiums are required to maintain the viability of the policy.
- The Foundation reserves the right to “cash in” a policy at any time and forego the potential death benefit.
- Gifts of property that exceed \$5,000,000 must have a qualified appraisal from a qualified appraiser. For gifts of life insurance where the face value exceeds \$5,000,000, a written valuation should be obtained from the insurance company. The donor must file, and the Foundation must sign, IRS Form 8283 for the donor’s tax return.

Real Property – Outright Gift

Definition

Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property and mineral interests.

Valuation

Gifts of real property qualifying for a charitable deduction to the donor shall be valued using the fair market value of the property as determined by a qualified appraisal. Appraisals are generally paid for by the donor.

Gift Date

The execution and delivery of a deed of gift shall complete the gift. The date of the gift will be the date on the deed. The donor shall pay the costs associated with the conveyance and delivery of the gift.

Evaluation

If a donor wants to give real property during their lifetime, the Committee will consider the gift after examining the following criteria:

- Market Value and Marketability - The Committee must receive a current appraisal (not older than 60 days) of the fair market value of the property and interest in the property. The appraisal and other information must indicate clearly and convincingly that there is a market for the property under consideration and that the property can be sold within a reasonable period of time.
- Potential Environmental Risks – The Committee must receive an Environmental Questionnaire pertaining to the property that has been completed by the donor. In addition, an environmental inspection by a qualified engineer may be requested at the donor’s expense.

- Limitations and Encumbrances – In most cases, real estate gifts will not be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.
- Carrying Costs – Any carrying costs, such as property owner’s association dues, property taxes, insurance and maintenance expenses must be disclosed in writing.

Other Considerations

The Foundation’s policy is to dispose of all gifts of real estate as quickly as possible. This policy will be clearly communicated to donors when the Foundation is notified of their intent to give.

If the property is sold or otherwise disposed of within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.

Third Party Fundraising

On occasional and approved instances, a donor may host a fundraising activity in support of the Foundation. The following terms and conditions must be met.

- The Foundation will be the sole beneficiary of the fundraising activity.
- The host will pay all costs associated with the fundraising activities.
- The host will collect the donations from donors and transfer one hundred percent (100%) of the donations to the Foundation.
- The host will provide individual donor and donation information (including donor name, address, date, and amount of the donation) to the Foundation so the Foundation may provide a donor acknowledgement, as necessary.
- Any tax benefit resulting from a donation accrues to the original donor.
- The host will account for and provide a detailed listing of all expenses incurred (with receipts) and the total number of participants.
- The host shall indemnify, defend and hold the Foundation and its directors, officers, employees, agents and volunteers harmless from and against any and all suits, claims, demands, liabilities, damages, costs and expenses (including reasonable attorneys’ fees) arising out of or relating in any way to your fundraising activities.
- Permission will be granted by a family or organization should the fundraiser be an effort to honor or make a gift on behalf of an individual or organization.

Pledges

Definition

An unconditional pledge, or promise to give, is an agreement between a donor and the organization where the donor promises to contribute cash or other assets to the organization according to a fixed time schedule. The Foundation accepts unconditional pledges for capital projects, endowed scholarships, support groups and the annual fund.

All pledges are required to be in writing. Acceptable written documentation may include a Foundation pledge form with the donor’s signature, a letter initiated and signed by the donor, or

an email from the donor. In the event an oral pledge was made, a follow up email should be sent to the donor confirming their intent to give.

Valuation

A pledge is valued at face value at the time committed.

Evaluation

The following information must be present to record a pledge:

- pledge value clearly specified
- defined payment schedule
- evidence to contain words such as “promise”, “agree”, “will”, “intend”
- donor considered financially capable of fulfilling the pledge

Pledge Date

The recorded pledge date will be the date the pledge documentation is received.

Deferred Commitments

Deferred commitments include:

- Charitable bequests – A written statement in a will or living trust that directs a contribution to be made to the Foundation upon the death of the donor.
- Retirement plan assets (foundation as beneficiary) – A donor may name the Foundation as beneficiary of retirement plan assets, including a 401(k), IRA, or other retirement plan.
- Life insurance (foundation as beneficiary) – A donor may name the Foundation as beneficiary of a life insurance policy that the donor continues to own. There is no obligation for the Foundation to carry out owner responsibilities, including premium payments.

X. Changes to Gift Acceptance Policies

These policies and guidelines have been reviewed and accepted by the Board of Trustees of the 12th Man Foundation. The gift acceptance committee of the Foundation must approve any changes to, or deviations from, these policies.

Approved on the 24 day of April, 2020.

David Dunlap
Chairman, Board of Trustees, The 12th Man Foundation