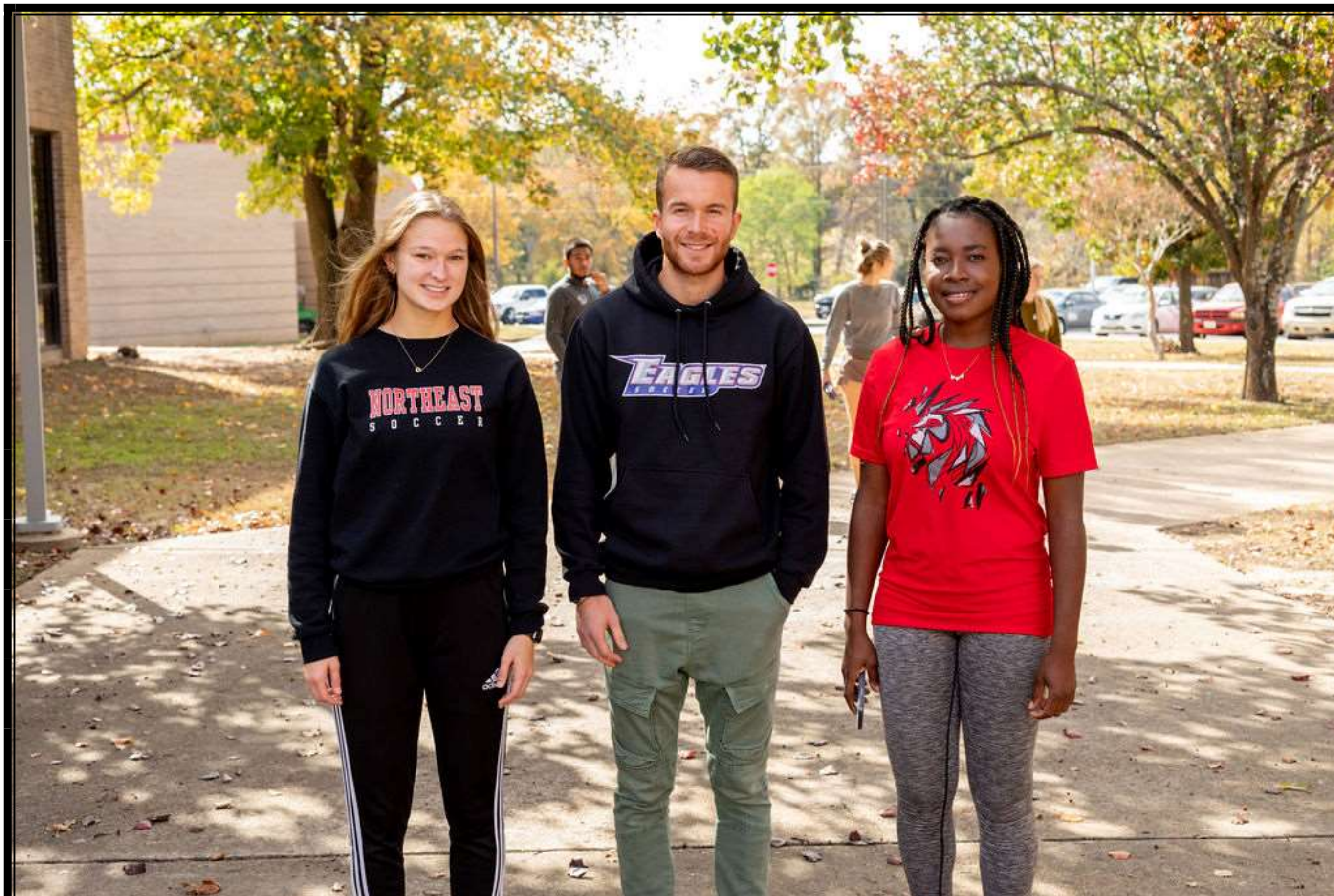

Policy Manual

NORTHEAST TEXAS
COMMUNITY COLLEGE
FOUNDATION

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Revised December 2023

NTCC Foundation

The Northeast Texas Community College (NTCC) Foundation is a 501 (C) 3 non-profit corporation chartered under the laws of Texas and established in 1984. Its purpose is to receive and administer gifts to enhance educational opportunities at NTCC.

NTCC Foundation Mission

To remove barriers to student success

NTCC Foundation Vision

To ensure every student has the resources needed to access and education at NTCC

College Mission

To provide personal, dynamic learning experiences empowering students to succeed.

College Vision

To be the "College of Choice" for Northeast Texas

College Values

- **Integrity** – We believe we are an institution of public trust, and as such must act with complete integrity in all matters.
- **Engagement** – We believe the best education involves a broad and diverse set of experiences, in and out of the classroom.
- **Student Effort** – We believe an education must be earned through dedication, engagement, and self-sacrifice.
- **High Expectations** – We believe in excellence and accountability for all involved in education.
- **Community** – We believe that the college exists to serve the community and both share responsibility for each other's success.

College Goals

1. Student Success 2. Great Place to Work and Learn 3. Community Engagement

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: January 28, 2002

Person to Contact:
Tonya Martin 31-07387
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
75-2008835

Northeast Texas Community College Foundation
P.O. Box 1307
Mt. Pleasant, TX 75456

Dear Sir or Madam:

This letter is in response to your telephone call requesting a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in April 1985 granting your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Northeast Texas Community College Foundation
75-2008835

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection (up to a maximum of $10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,

John E. Ricketts

John E. Ricketts, Director, TE/GE
Customer Account Services

Memorandum of Understanding
Between the
Northeast Texas Community College Foundation
And
Northeast Texas Community College

This Memorandum of Understanding is considered a contract between the Northeast Texas Community College Foundation and Northeast Texas Community College. The working relationship is defined in the NTCC bylaws under ARTICLE III (Purposes), paragraph one, sentence one:

> ***The Northeast Texas Community College is organized in order to operate exclusively for the purposes of promoting, supporting, maintaining, developing, increasing and extending educational offerings and services, and the pursuit thereof at or in connection with Northeast Texas Community College***.

It is also defined again in ARTICLE III (purposes), paragraph three, sentence one:

> ***The Primary objective and purpose of the Northeast Texas Community College Foundation is to create and found a charitable, educational, not-for-profit Corporation for the sole benefit of Northeast Texas Community College, Mt. Pleasant, Texas, to assist, strengthen and further in every proper and useful way the purposes, work and services of the College, to develop, enhance and utilize the ties of interest, concern, and affections existing between the College and its local communities, alumni, and friends throughout the state and nation.***

In addition to the bylaws including the wording to be used for the contract between the Northeast Texas Community College Foundation and Northeast Texas Community College, the **Foundation Mission Statement** also clearly defines the purpose of the Foundation:

> ***The Northeast Texas Community College Foundation is a non-profit corporation chartered under the laws of Texas and established in 1984. Its purpose is to receive and administer gifts to enhance educational excellence at NTCC. The Foundation board seeks to identify potential sources of gifts and grants, to enable donors to make contributions that match their interests and needs, to provide for the prudent management of gift resources, and to encourage the involvement of interested persons in the work of the foundation.***

This Memorandum of Understanding is adopted **on February 21, 2006,** at the Foundation Annual Business Meeting and immediately added to the bylaws of the Northeast Texas Community College Foundation on this same date.

MEMORANDUM

TO: Blake Powell & Sara Leon
FROM: Andrew Tatgenhorst
RE: 501(c)(3) Political Donations

Can a 501(c)(3) tax-exempt organization donate less than five percent of its total expenditures to a Political Action Committee (PAC) whose principle purpose is to support or oppose a particular measure?

Yes, subject to certain limitations.

Section 501(c)(3) tax-exempt organizations are subject to a number of regulations that prohibit these entities from engaging in substantial political activities.[1] Specifically, the Internal Revenue Code (IRC) restricts the ability of these organizations to participate in political activity in two ways: (1) they may only conduct an insubstantial amount of lobbying; and (2) they may not intervene in political campaigns.[2] Any organization that violates either of these restrictions is subject to the loss of its tax-exempt status and an excise tax on its political or lobbying expenditures.[3]

The provision prohibiting Section 501(c)(3) organizations from intervening in political activities is unconditional.[4] The IRC prohibits organizations from "participating in, or intervening in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office."[5] While no specifics are listed in the code, "participating in" includes "the publication or distribution of written or printed statements or the making of oral statements on behalf of or in opposition to such a candidate."[6]

In contrast, the prohibition on lobbying operates rather differently. Section 501(c)(3) prohibits these organizations from lobbying; subject to certain conditions. The IRC states that "no substantial part" of the organizations activities can include "carrying on propaganda, or otherwise attempting, to influence legislation."[7] The organization has some say in how the IRS evaluates whether lobbying is a substantial part of an organization's activities. The organization has two choices: make an election under IRC §501(h); or be subject to the "no substantial part" test.

[1] 26 U.S.C. §501(c)(3)
[2] *Id.*
[3] *Id*; and 26 C.F.R. §1.527–6.
[4] 26 C.F.R. §1.501(c)(3)-1(c)(3)(iii).
[5] *Id* at §1.501(c)(3)-1(c)(3)(i).
[6] 26 C.F.R. §1.501(c)(3)-1(c)(3)(iii).
[7] 26 U.S.C. §501(c)(3).

An election taken under IRC §501(h) is designed for Section 501(c)(3) organizations with significant lobbying activity and does not apply to *de minimus* contributions that are the subject of this memorandum. As a result, a detailed discussion of this provision is unnecessary here. For organizations that do not make an election under IRC §501(h), the determination as to whether they have engaged in "substantial" lobbying is subject "no substantial part" test and is based on the facts and circumstances of each case. While there is no bright-line rule for making this determination, case law suggests that a 501(c)(3) organization has no substantial part in lobbying activities if the organization spends less than five percent of its expenditures on lobbying activities.[8]

The question then becomes: Does a donation to a PAC by a 501(c)(3) organization constitute lobbying activity or political activity? The answer depends on the organization and primary purpose of the PAC itself.

501(c)(3) organizations are prohibited from donating to political organizations, as defined by 26 U.S.C. §527.[9] This section defines political organization as "a party, committee, association, fund, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function."[10] This section further defines "exempt function" as the "function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed."[11] In other words, the limits on political activities apply. 501(c)(3) groups are prohibited from donating to PACs organized for the purpose of influencing election activities.

Conversely, 501(c)(3) organizations are permitted to make contributions to "ballot measure committees;" those committees supporting or opposing ballot initiatives or referenda.[12] The IRS

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[8] *Seasongood v. C.I.R.*, 227 F.2d 907, 912 (6th Cir. 1955); and *Haswell v. United States*, 500 F.2d 1133, 1146-47 (Ct. Cl. 1974). *See also Christian Echoes Nat'l Ministry, Inc. v. United States*, 470 F.2d 849, 855 (10th Cir. 1972).

[9] *Frequently Asked Questions About the Ban on Political Campaign Intervention by 501(c)(3) Organizations: Contributions to Political Organizations* (Mar. 6, 2014), available at http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Frequently-Asked-Questions-About-the-Ban-on-Political-Campaign-Intervention-by-501(c)(3)-Organizations:-Contributions-to-Political-Organizations. *See also Branch Ministries v. Rossotti*, 211 F.3d 137 (D.C. Cir. 2000).

[10] 26 U.S.C. §527(e)(1).

[11] *Id* at §527(e)(2).

[12] *Frequently Asked Questions About the Ban on Political Campaign Intervention by 501(c)(3) Organizations: Contributions to Political Organizations* (Mar. 6, 2014), available at http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Frequently-Asked-Questions-About-the-Ban-on-Political-Campaign-Intervention-by-501(c)(3)-Organizations:-Contributions-to-Ballot-Measure-Committees.

considers donations to these committees “lobbying activities;” and the rules governing those activities apply. As a result, the 501(c)(3) must include such contributions for the purpose of calculating whether a “substantial part” of its activities consist of lobbying efforts.[13]

Therefore, those committees organized as a “specific-purpose committee” that have a principal purpose of supporting or opposing one or more identified measures will likely be considered “ballot measure committees” for IRS contribution purposes.[14] Single-issue committees organized as a “specific-purpose committee” that have a principal purpose of supporting or opposing one or more *candidates* will likely be considered a political organization.[15]

In this case, a 501(c)(3) organization seeks to donate less than 5 percent of its total expenditures to a PAC principle purpose is to support or oppose a particular measure. This PAC is likely to be considered a “ballot measure committee” for these purposes and will be subject to the “no substantial part” test. The organization will pass the “no substantial part” test because it proposes to donate less than five percent of its total expenditures to the PAC.

[13] *Id*.
[14] *See* Tex. Elec. Code Ann. §251.001.
[15] *See* Tex. Elec. Code Ann. §251.001. *See also* 26 U.S.C. §527.

BYLAWS

NORTHEAST TEXAS COMMUNITY COLLEGE FOUNDATION

ARTICLE I.
AUTHORITY AND NAME

The Articles of Incorporation creating Northeast Texas Community College Foundation (hereinafter referred to as "Corporation"), filed on December 17, 1984, established by law the right of the Corporation to make, alter, amend or repeal Bylaws for the regulation and management of the Corporation's affairs not inconsistent with the Articles of Incorporation creating the Corporation and further reserve the right to the Corporation to amend, alter, change, or repeal any provision contained within the Articles of Incorporation according to the laws of the State of Texas and in such manner as hereinafter prescribed in Article XVI. The provisions of the Articles of Incorporation are hereby incorporated in the Bylaws of Northeast Texas Community College Foundation.

ARTICLE II.
DURATION

The duration of this Corporation shall be perpetual.

ARTICLE III.
PURPOSES

The Corporation is organized in order to operate exclusively for the purposes of promoting, supporting, maintaining, developing, increasing and extending educational offerings and services and the pursuit thereof at or in connection with NORTHEAST TEXAS COMMUNITY COLLEGE and NORTHEAST TEXAS COMMUNITIES IN SCHOOLS; in furtherance of the foregoing, to conduct any and all scientific, literary, charitable and educational activities permitted both to an organization exempt under Section 501(c)(3) of the Internal Revenue Code or acts amendatory thereof or supplementary thereto, and by Article 1396, Vernon's Annotated Texas Statutes known as the Texas Non-Profit Corporation Act as now or hereafter amended.

The phrase "educational offerings' as used in this article shall be construed to mean and include all activities designed to facilitate and/or enhance the cultural, educational, living and operational conditions at NORTHEAST TEXAS COMMUNITY COLLEGE; establish, acquire, maintain, enlarge and expand the curriculums, services, faculty, staff, and the real or personal properties of NORTHEAST TEXAS COMMUNITY COLLEGE; provide financial or other assistance to students, faculty and staff of NORTHEAST TEXAS COMMUNITY COLLEGE in their efforts to acquire an education and coordinate human and health services and deliver them to at-risk youth and their families residing in the College's service area.

The primary objective and purpose of the Corporation is to create and found a charitable, educational, not-for-profit Corporation for the sole benefit of NORTHEAST TEXAS COMMUNITY COLLEGE, Mt. Pleasant, Texas, to assist, strengthen and further in every proper and useful way the purposes, work and services of the College, to develop, enhance and utilize the ties of interest, concern, and affections existing between the college and its local communities, alumni, and friends throughout the state and nation.

The Corporation is dedicated to coordinating human, and health services and delivering them to at-risk youth and their families through COMMUNITIES IN SCHOOLS/NORTHEAST TEXAS (CIS/NET) in the supportive environment of public schools and non-traditional education sites in the NORTHEAST TEXAS COMMUNITY COLLEGE'S service area. The Corporation will endeavor to enable said youth and their families to have access to a broad range of needed social and educational services by establishing a coordinated delivery system of resources in a rural educational setting. The Corporation is committed to reducing the number of school dropouts in the college service and increasing the number of students who pursue post-secondary education at NORTHEAST TEXAS COMMUNITY COLLEGE.

ARTICLE IV.
LIMITATIONS

The Corporation shall be a non-profit corporation and shall not have or issue shares of stock. No dividends shall be paid, nor shall any part of its net earnings inure to the benefit of any private individual, officer, or member of the Corporation by ties of blood or marriage. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to a non-profit fund, foundation or corporation which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation; nor shall the Corporation participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not conduct or carry on activities not permitted to be conducted or carried on by (a) an organization exempt under Section 501(c)(3) of the Internal Revenue Code or acts amendatory thereof or supplementary thereto; or (b) an organization, contributions to which are deductible pursuant to Section 170(c)(2) of the Internal Revenue Code or acts emendatory thereof or supplementary thereto.

ARTICLE V.
POWERS

The Corporations all have, in furtherance of the purposes set forth in Article lll hereof, all of the powers and authority which a non-profit corporation formed and existing under the laws of the State of Texas (Article 1396, of Vernon's Annotated Texas Statutes, known as the Texas Non-Profit Corporation Act as now or hereafter emended) may now or hereafter lawfully exercise and possess.

These powers specifically include the authority to: Design and implement such programs and procedures among all NORTHEAST TEXAS COMMUNITY COLLEGE constituents as to persuade continuous and special philanthropic support and benefactions to further the purposes of the Corporation for the benefit of the entire College.

Establish rules, regulations, and procedures for the necessary management of all affairs of the Corporation in consonance with the laws and regulations described in Section 501(c)(3) of the Internal Revenue Code of 1954 or acts amendatory thereof or supplementary thereto.

Apply for and aid in the processing of applications for patents and copyrights, inventions, processes, and discoveries; hold, manage, use, and develop the same; sell, license or otherwise dispose of the same; and collect royalties thereon.

Accept, hold, administer, invest and disburse such funds and properties of any kind or character as from time to time may be given to it by persons or corporations absolutely or in trust, as the case may be; employ and retain proper employees, agents, experts, consultants, accountants, counselors advisers and investment advisers for the proper accepting, holding, administering, investing and disbursing of such funds and properties of any kind or character; and in general do all things that may appear necessary and useful in accomplishing these purposes.

Use all assets and earnings of the Corporation exclusively for the educational purposes, including the payment of expenses, necessarily incident thereto; and no part of such assets and earnings shall inure to the benefit of any employee, officer or member of the Corporation or of any other individual, except in payment of reasonable compensation for services actually rendered or expenses necessarily incurred.

Have the authority, and it shall be its duty, to hold and apply the corpus and income of any donation, grant, devise or bequest, or any part thereof in such manner as may have been stipulated or provided in the instrument creating such donation, grant devise or bequest.

Have authority to sell, mortgage, pledge, lease or exchange all or any part of the real or personal property or funds of the Corporation, unless otherwise specifically provided in its creating instrument, at such prices and upon such terms and conditions as it may deem best; and it may invest and reinvest its funds in any such liens or securities, or in any such real or personal property as it may deem suitable for the investment of trust funds, although such investments are not approved as investments for Trustees under the laws of the State of Texas.

Have full power and authority to purchase, lease, accept as a gift, bequest or devise, or otherwise acquire any real or personal property to be held, administered or used in any way whatsoever for the benefit of NORTHEAST TEXAS COMMUNITY COLLEGE and COMMUNITIES IN SCHOOLS/NORTHEAST TEXAS (CIS/NET), or to assist the college in the fulfillment of its educational purposes; and to that end the Corporation shall have full power and authority to hold, own, control, handle, administer or operate any such real or personal property, including the operation of any business connected with or incident to the ownership or control of such property and to sell, lease, pledge, mortgage, exchange or otherwise dispose of any such property at such prices and upon such terms and conditions as it may deem best.

Borrow money and make and issue bonds, notes, contracts, and other evidence of indebtedness therefore, and by the proper resolution duly adopted by a majority vote of all the members of the Board of Directors, to secure payment thereof by authority provided above.

Engage in and disburse any part of or all of its funds, both income and principal, for any and all lawful activities permitted by laws and regulations governing tax exempt charitable corporations at that time, and which may be necessary or incidental to the furtherance of the purposes of this Foundation.

Use reasonable portions of its funds and income there from to pay the administrative expenses of the operation of the Foundation.

ARTICLE VI.
DEFINITIONS

The word "Corporation" as used in These Bylaws hereinafter refers to Northeast Texas Community College Foundation; the word "College" refers to Northeast Texas Community College; and the words "Directors" and/or "Members" and terms "Board of Directors" and/or "the Board," unless the context indicates otherwise, mean the Directors of said corporation provided for by law. The term "ex officio" shall be interpreted to mean without vote.

ARTICLE VII.
MEMBERSHIP

Section 1: Number of Regular Voting Members

The Board of Directors shall consist of not fewer than FIFTEEN (15) or more than THIRTY-TWO (32) voting members. This may include the SEVEN (7) Northeast Texas Community College Board of Trustees. Each member shall be entitled to ONE (1) vote.

Members in the following categories in this article shall be eligible to attend meetings of the Board and to participate fully therein but shall be non-voting members.

Section 2: Honorary

Board of Directors members who complete three consecutive terms will be appointed Honorary members at the end of said terms. The Board, through its Committee on Directors, may also elect from time to time selected persons to serve as honorary members.

Section 3: Emeriti

The Board, through its Committee on Directors, may elect from time to time selected persons who have served with distinction as active members of the Board.

Section 4: Ex Officio and Other Categories of Special Memberships

The following persons shall serve as ex officio members of the Board.

1. President, Northeast Texas Community College

2. Advancement Office Employees, Northeast Texas Community College

3. Chair of the CIS Advisory Committee

The Board, through its Committee on Directors, may elect from time to time selected persons to serve and to meet with the Board and/or its committees.

Section 5: Election of Members

New members, officers, members of the Executive Committee and a Committee on Directors shall be elected at the annual meeting each year, from a list of nominees prepared by the Committee on Directors. New members may be elected at any regular or special meeting upon recommendation of the Committee on Directors or by the action of a majority of the voting members of the Board present.

The Trustees of Northeast Texas Community College may serve as Directors. The tenure of Trustees as Directors shall coincide with the tenure of their service as Trustee, and a newly elected Trustee may automatically become a Director of the Foundation. Upon leaving service as a Trustee, a Trustee as Director will automatically move to Emeriti Status until the next regular or special meeting of the Committee on Directors whereby the retiring Trustee may be considered for election as a Regular Voting Member by the Committee on Directors.

Section 6: Class

To facilitate the orderly rotation of members, there shall be THREE (3) classes of members arranged as evenly as possible so that approximately ONE-THIRD (1/3) will come to the conclusion of THREE (3) year terms each year except that the tenure of Trustees of Northeast Texas Community College shall coincide with the tenure of their service as a Trustee, and newly elected Trustees may automatically become a Director of the Foundation.

Section 7: Conflict of Interest

Where a member may be related in any way to any firm or organization with which the Foundation may do or may consider doing business, that relationship shall be disclosed by the member to the Board or to the Executive Committee as appropriate. Where his business or other relationship may be involved in a financial transaction, the transaction shall be made as a result of competitive bidding or other objective measure in the best interest of the Foundation. The member concerned may properly participate in such discussions, may be counted in the quorum, but shall not vote in the final decision.

Section 8: Terms of Office

Elected members shall serve a term of THREE (3) YEARS and shall be eligible for renewal at the end of each term.

Section 9: Vacancies

The Board may from time to time fill vacancies caused by the regular ending of a member's term, death, resignation, or other cause, upon recommendation of the Committee on Directors. Elections to fill such vacancies, other than those caused by regular expiration of a member's term, shall be for the remainder of the unexpired term if for more than ONE (1) year, then said remainder shall count as a full term in determining eligibility for re-election.

Section 10: Removals

Those active members who are physically absent from THREE (3) consecutive meetings of the Board, without explanation satisfactory to the Committee on Directors, will be subject to removal by Board action, except Trustees of Northeast Texas Community College.

Section 11: Indemnification (Insurance for Directors)

The Foundation shall indemnify and save harmless each and every member, his/her heirs and assignees, from all liability arising out of the performance of his/her or their functions, duties and/or responsibilities, expressed or implied under these Bylaws or the Article of Incorporation of the Foundation.

Section 12: Compensation

The members shall not receive compensation for their services but may be reimbursed by the Foundation for any reasonable authorized expenses incurred by them in the performance of their duties as members.

ARTICLE VIII.
OFFICERS AND DUTIES

The President, the Vice President, and the Secretary/Treasurer shall be elected at the annual meeting of the Board. The officer so elected shall serve a term of THREE (3) YEARS and shall be eligible to serve no more than two (2) consecutive terms in said office.

Section 1: Chairperson

The powers and duties of the Chairperson are:

a. To preside at all meetings of the Foundation Board of Directors.
b. To call meetings of the Foundation Board of Directors as herein provided.
c. To chair the Executive Committee and be ex officio member of all committees except the committee on Directors.
d. To appoint all standing and ad hoc committees of the board annually subject to the approval of the majority of the members of the Board, after receiving recommendations of the Committee on Directors.
e. To affix the signature of the Foundation to all papers and instruments in writing that may require the same, and to supervise and control, subject to the direction of the Board of Directors, all of the officers and employees of the Foundation and to exercise the powers and duties permitted by law to be exercised by the Chairperson of such Foundation which are not inconsistent with the Articles of Incorporation and Bylaws of this Foundation;
f. If the Chairperson and Vice Chairperson are not present at any meetings of the Board of Directors of the Foundation, the Chairperson may designate a member of the Foundation to preside in their absence, or a Chairperson Pro Tem may be chosen at such meeting.

Section 2: Vice Chairperson

The powers and duties of the Vice Chairperson are:

a. In the absence or disability of the Chairperson, the Vice Chairperson shall perform all the duties of the Chairperson, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson.
b. The Vice Chairperson shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors.

Section 3: Secretary

The powers and duties of the Secretary are:

a. To keep a full and compete record of the proceedings of the Board of Directors.
b. To keep the seal of the Foundation and to affix the same to all instruments which may require it.
c. To countersign all papers and instruments in writing that may require the signature of the Board of Directors.
d. If the Chairperson, or, in his/her absence or disability, the Vice Chairperson, fail or refuse to call a meeting of the Board of Directors, it shall be the duty of the Secretary to call such meetings.

e. To serve and publish all necessary and proper notices. In the case of the absences, inability, refusal, or neglect of the Secretary to serve or publish any notice, then such notice may be served or published by an Assistant Secretary, the Chairperson, Vice Chairperson, or Chairperson Pro Tem, or any person authorized by any of the, or by the Board of Directors;
f. Generally to do and perform all such duties as may pertain to his/her office and may be required by the Board of Directors, and as may be given or imposed by law upon the Secretary of the Foundation, provided such powers and duties are not inconsistent with the Articles of Incorporation or Bylaws of this Foundation.

Section 4: Treasurer

The powers and duties of the Treasurer shall be:

a. To keep safely all monies of the Foundation which may be deposited with such Treasurer from time to time.
b. To draw, accept, sign, endorse, negotiate, and dispose of all or any bills of exchange, promissory notes, checks, drafts, and orders for payment of money.
c. To pay and receive all monies and to give a quittance for the same.
d. To discount, or deposit with or transfer to banking concerns any negotiable paper, stocks, bonds, and other securities.
e. To countersign the promissory notes of the Foundation.
f. To supervise and control the keeping of the accounts and books of the foundation.
g. To do and to perform all such other duties as pertain to his/her office and as may be required of him/her by the Board of Directors.

Section 5: Assistant Secretary/Assistant Treasurer

The Chairperson of the Foundation may from time to time appoint an Assistant Secretary and/or an Assistant Treasurer as circumstances require subject to the approval of the Board. Such appointed persons shall assume the responsibilities of the Secretary and/or the Treasurer as required, and shall be authorized to perform all duties attending to these offices. Such appointed persons need not be members of the Board, and in such case shall be considered non-voting members.

Section 6: Election, Terms and Duties of Officers

The President, the Vice President, and the Secretary/Treasurer shall be elected at the annual meeting of the Board. The officer so elected shall serve a term of THREE (3) YEARS and shall be eligible to serve no more than Two (2) consecutive terms in said office.

Section 7: Incapacity

In the event of absence or disability of any officer, or for any other reasons that the Board may deem sufficient, the Board may delegate for the time being, in whole or in part, the powers and duties of such officer to any other officer or to any other person otherwise qualified to perform the required duties.

Section 8: Authority to Function

The Executive Director shall initiate and/or implement the ordinary and reasonable daily business of the Foundation as prescribed in these Bylaws and/or authorized resolution of the Executive Committee and/or the Board.

Unless otherwise authorized to do so by the Board, the Executive Director shall have no authority to bind the Foundation by contract relation to the extraordinary business of the Foundation.

ARITCLE IX.
MEETINGS

Section 1: Regular

The board shall meet at least THREE (3) times each year.

Section 2: Annual

The first meeting each year, which shall be held on the third Tuesday in February, shall be the Annual meeting of the Board, unless duly continued by vote of the Board.

Section 3: Special

The Chairperson may call special meetings and shall call a special meeting upon the written request of a majority of the members. The purpose(s) for such meetings shall be announced at the time of the call.

Section 4: Notice and Waiver of Notice

Notice of all meetings of the Board shall be mailed to members at their respective last known preferred addresses at least Five (5) days but not more than Fifty (50) days before any regular or special meeting. Nothing contained herein shall prevent all the members from waiving, in writing, notice of any meeting.

Section 5: Quorum

At all meetings of the Board, a majority of the voting members shall be necessary and sufficient to constitute a quorum for the transaction of business; and the act of a majority of the voting members present in person or by proxy at any meeting at which there is a quorum, shall be the act of the Board.

ARTICLE X.
COMMITTEES

Section 1: Standing Committees

These committees shall include the Executive Committee; The Committee on Directors; The Resource Management Committee; The Resource Development Committee; The Committee on Grants Policies; and such other standing committees as the Board may from time to time create. Each committee shall be given adequate representation by members of the Board.

A. <u>Executive Committee</u>

The Executive Committee shall consist of all officers of the Board (except the Assistant Secretary and Assistant Treasurer) and the Chairpersons of committees in Article X, Section 1 above. The Committee shall have general responsibility to exercise the power and authority of the Board between meetings of the Board, such actions to be ratified and discussed at the next regular meeting of the Board. The Committee shall have specific duties of general Foundation management, oversight, and evaluation. Generally, the Committee shall not act on matters which are the responsibility of standing committee. or review, study and recommendation.

B. <u>Committee on Directors</u>

This Committee shall have the Responsibility:

1. To assess continually and to appraise the Board organization, operation, membership and attendance to ensure maximum effectiveness; and to make such recommendations from time to time as, in its judgment, will help to accomplish the objectives of the Board.
2. To maintain a director candidate list through a constant search, and to identify individuals best able to serve the Foundation at the Director level.
3. To prepare and to maintain a program of orientation for new Directors:
4. To make nominations for membership on the Board and for such offices and committees as required in the Bylaws and policies of the Foundation.

C. <u>Resource Management Committee</u>

During the interval between meetings of the Board, this committee shall have the power to authorize the investment or reinvestment of funds of the Foundation, or to invest or reinvest them; to direct the purchase, sale or exchange of property used for the support of the Foundation's executive functions; to employ and retain agents, consultants, counselors, investment advisors with discretionary investment powers, financial advisors and other special counsel related to the performance of these duties and to cause an examination to be made annually of the books and accounts of the Foundation by an independent auditor selected by the Board on the recommendation of the committee. The Chairperson of the committee shall report the results of such audit to the Board.

D. <u>Resource Development Committee</u>

The Committee shall be responsible for the creation, implementation, and evaluation of all programs and personnel in the communication, fundraising, and office support functions.

The leadership required for stimulation increased and continuous philanthropic support from the private sector shall begin with and continue under the auspices of this committee, including all volunteers, committees, and special groups among all constituents. Programs for annual, special capital, and estate and planned gift support shall be sustained. Public relations, communications, reporting, and research systems shall be coordinated with college operations where possible and where the Foundation obtains scheduled priority.

E. <u>Committee on Grants Policies</u>

This Committee shall be responsible for the recommendation of policies and the implementation and evaluation of procedures governing grants by the Foundation for the support of college programs and functions. It shall serve as liaison with the College in the receipt of financial requests for support; evaluate these against policies, availability of funds, and potential for support, and recommend to the Executive Committee or the Board, as appropriate, which programs should be initiated and, subsequently, which grants should be made to the College.

The Board may from time to time authorize special guidelines and/or authority to the committee or to specific persons for considering and/or making certain categories of grants.

Section 2: Ad Hoc Committees

From time to time the Chairperson of the Board, the Executive Committee, and the Chairpersons of standing committees may appoint special, one-purpose, ad hoc committees for a limited but specific period of study or service.

Section 3: Other Committees

The Board may provide for such other committees as may be deemed needful and may determine the selection of members thereof and prescribe their duties.

ARTICLE XI.
PROGRAM AND FISCAL MANAGEMENT

Section 1: Fiscal Year

The fiscal year of the Foundation shall be the calendar year.

Section 2: Program Policies

The policies and procedures approved by the Board, which governs general, and specific business operations, shall be placed in a policy manual independent of these Bylaws and maintained as current standard operating procedures.

Section 3: Appointment of Executive Director and Other Staff (Bonding of Staff)

An Executive Director shall be chosen by the Board to serve as chief operating officer of the Foundation and chief staff officer of the Board and of all Board committees. The Executive Director shall serve at the pleasure of the Board. The Executive Director may also serve as the chief development officer of the College.

At the discretion of the Board, any or all officers, agents, or employees may be required to give bond for the faithful performance of his/her fiduciary duties in such amount and with such sureties as the Board may prescribe.

Section 4: Reports

The Executive Director shall prepare periodic reports of all receipts, disbursements, transactions, and end-of-period balances to the Resource Management Committee. The Chairperson of the Foundation, shall make an annual report at the annual meeting of all business conducted by the Foundation.

Section 5: Receipt of Assets

Upon receipt or notification of receipt of new assets or the desire for the transfer of existing assets, the Executive Director shall proceed in accordance with policy and procedure recommendations of the Resource Management Committee as approved by action of the Board.

Section 6: Investments

The receipt, holding, transfer, accounting and custodianship of securities shall be in accordance with the provisions of these Bylaws, and with policies and procedures recommended by the Resource Management Committee as approved by action of the Board; and this corporation may, in its discretion, employ and retain proper counselors, experts, advisers, and investment advisers with discretionary investment power, to counsel with, advise and aid in the Resource Management Committee and the Board in the proper receipt, holding transferring, accounting and maintenance of securities, shall not be limited to those investments by fiduciaries under the laws of the State of Texas or otherwise.

Section 7: Disbursements

The Executive Director shall disburse funds only upon due authorization by vouchers, written directives or resources governed by these Bylaws, or recommended by the Resource Management Committee as approved by action of the Board. Authorization shall include checks, securities, and other financial devices.

Section 8: Inventories

The Executive Director shall maintain a complete and current inventory of all fiscal, financial, and physical assets.

Section 9: Audit and Inspection

There shall be at least an annual audit of all books, records and transactions documents by an independent auditor or as directed by the Resource Management Committee. All such records shall be available for inspection by any voting member of the Board upon request through the Executive Director.

ARTICLE XII.
GIFT POLICY

Section 1: Acceptance

All gifts shall be accepted subject to the approval or confirmation of the Board or of the Executive Committee. Such transfers of assets not considered ordinary shall be deferred until advance approval of the Board is obtained.

Section 2: Limit of Payouts

All gifts, which require the payment of an annuity amount or other charge from the funds or resources of the Foundation, shall be made only from the income and/or principle of the transferred asset itself.

ARTICLE XIII.
LOCATION OF REGISTERED OFFICE AND AGENT

The Foundation's principal office shall be located at the Administration Building of Northeast Texas Community College in Mt. Pleasant, Titus County, Texas.

ARTICLE XIV.
FOUNDATION SEAL

The seal of the Foundation shall be set by the board.

ARTICLE XV.
ROBERT'S RULES OF ORDER

Any procedure not specified or limited by these Bylaws shall be governed by Robert's Rules of Order.

ARTICLE XVI.
AMENDMENTS

These Bylaws may be added to, amended, or repealed by TWO-Thirds (2/3) vote of the Board of Directors.

ARTICLE XVII.
PURPOSE OF THE COMMUNITIES IN SCHOOLS/NORTHEAST TEXAS (CIS/NET) ADVISORY COMMITTEE

The purpose of the Communities in Schools/Northeast Texas (CIS/NET) Advisory Committee is to provide policy guidance and program support to the Communities in Schools program sponsored under the aegis of the Northeast Texas Community College Foundation.

ARTICLE XVIII.
ORGANIZATION OF CIS/NET ADVISORY COMMITTEE

The CIS/NET Advisory Committee shall operate under the auspices of the 501(c)(3) non-profit status of the Northeast Foundation. The Advisory Committee shall serve as a liaison between the Board of Directors of the Northeast Texas Foundation and CIS/NET. In this capacity, the Advisory Committee shall also serve as a governing body establishing the programs' goals, objectives, program procedures policies, personnel, and financial standards for CIS/NET. It shall oversee the operations CIS/NET located at and administered by NORTHEAST TEXAS COMMUNITY COLLEGE. The Advisory Committee shall keep the Board of Directors informed of all fundraising activities and services to at-risk youth.

ARTICLE XIX.
MEMBERSHIP OF CIS/NET ADVISORY COMMITTEE

The CIS/NET ADVISORY COMMITTEE shall consist of not less than fifteen (15) nor more than twenty-five (25) members. The precise number to be fixed by resolution of the Board of Directors from time to time. Members of the CIS/NET Board shall come from private and public sectors to include business and industry, education, community development, and public institutions with an interest in "at-risk" youth. An equitable mix of sectors and geographic representation will be established by the membership. The membership shall also reflect the ethnic and gender diversity of the community. Members will serve two-year terms with the option to continue membership for an additional term. After the second year of the program, no more than half of the membership will terminate at the end of each two-year term so that continuity of the program can be maintained. The composition of the CIS/NET ADVISORY COMMITTEE shall at all times include:

1. Chairperson of the Board of Directors
2. A representative from the NORTHEAST TEXAS COMMUNITY COLLEGE'S Board of Trustees
3. A minimum of five business and/or industry leaders from the college service area
4. At least two city or county officials
5. Two or more representatives from community organizations such as the Chamber of Commerce, Parent Teacher Associates, and public or private agencies engaged in such social services as recreation education, probation, health, family, and employment.
6. A Superintendent from one of the school districts served by CIS.
7. The Executive Director (Ex officio)

ARTICLE XX.
MEETINGS OF THE CIS/NET ADVISORY COMMITTEE

Section 1: Place of Meeting

Meetings of the Board may be held at whatever place is specified by the officer calling the meeting. In the absence of specific designation, the meetings shall be held on the campus of Northeast Texas Community College, Mt. Pleasant, Texas.

Section 2: Regular Meetings

Regular meetings of the Advisory Committee shall be quarterly for the transaction of business as properly brought before it. Regular meetings may be held at times as shall be designed by the Committee Chair. An annual regular meeting shall serve as the installation of new officers and committee members and shall be held in the spring.

Section 3: Special Meetings

Special meetings of the Advisory Committee may be held at any time upon the call of the Chair or any two members of the committee. Notice shall be sent by mail to the last known address of each member at least four days before the meeting. Oral notice may be substituted for such written notice if given not later than one day before the meeting. Notice of the time, place, and purpose of such meeting may be waived in writing before or after such meeting and shall be equivalent to the giving of notice. Attendance of a member at such a meeting shall also constitute a waiver of notice thereof, except where he attends for the announced purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as otherwise herein provided, neither the business to be transacted at, nor the purpose of, any regular or special meetings of the committee need to be specified in the notice or waiver of such meeting.

Section 4: Quorum

Two-thirds (2/3) of the number of committee members fixed by these Bylaws as from time to time amended shall constitute a quorum for the transaction of business, but a smaller number may adjourn from time to time until they can secure the attendance of a quorum. The acts of a majority of the members present shall be the act of the Governing Board. Any regular or special meeting may be adjourned from time to time by those present, whether a quorum is present.

Section 5: Removal

Any member may be removed, either for or without cause, at any special meeting of the board by the affirmative vote of a majority of the members. The notice calling such a meeting shall give notice of the intention to act upon such matter, and if the notice so provides, the vacancy caused by such removal may be filled at such meeting by a vote of a majority represented at such meeting and entitled to vote for the election of members. A voting member of the Board may be automatically removed from the Committee if the member fails to attend without excuse three consecutive meetings during the school year, August through May. Absences will be considered excused only if the member notifies the Executive Director of Committee Chair of his/her anticipated absence prior to the scheduled meeting.

Section 6: Conference Telephone Meetings

Meetings of the Advisory Committee, or any subcommittee, may be held by means of a conference telephone or similar communications equipment so long as all persons participating in the meeting can hear each other. Participants in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XXI.
OFFICERS OF THE CIS/NET ADVISORY COMMITTEE

The officers of the CIS/NET ADVISORY COMMITTEE shall be Chair, Vice Chair, Secretary, Executive Director, and Treasurer. All officers, except the Executive Director, shall be chosen from among the members of the CIS/NET ADVISORY COMMITTEE. The Executive Director of the CIS/NET ADVISORY COMMITTEE shall be appointed by the President of NORTHEAST TEXAS COMMUNITY COLLEGE. The other officers shall be elected by a majority vote and shall serve for two consecutive years or until a qualified successor is elected. If an early vacancy occurs, a quorum of the CIS/NET ADVISORY COMMITTEE may fill such vacancy by a majority vote. An annual election will be held at the first quarterly meeting to fill the vacancies of offices that have duly come to term, excluding the office of chairperson.

The duties and powers of the officers of the CIS/NET ADVISORY COMMITTEE shall be as follows:

1. The Chairperson of the CIS/NET ADVISORY COMMITTEE shall, preferably, be a representative of the private sector. He or she shall preside at all meetings of the CIS/NET ADVISORY COMMITTEE and shall have such other duties and responsibilities as are customary for the office of Chairperson of the CIS/NET ADVISORY COMMITTEE and as may be assigned to him or her from time to time by the Board of Directors.

   He or she shall, along with the Executive Director, represent the CIS/NET ADVISORY COMMITTEE as its official representative in relation to appropriate outside agencies.

   It shall be the duty of the Chairperson to enforce all Bylaws, rules, and regulations for the proper conduct of the CIS/NET ADVISORY COMMITTEE made by or under the authority of the Board of Directors.

2. Vice Chairperson of the CIS/NET ADVISORY COMMITTEE shall be a representative of the private sector. He or she shall perform the duties of the Chairperson of the CIS/NET ADVISORY COMMITTEE in the absence or disability of the Chairperson and shall have such other duties and responsibilities as may be assigned to him or her from time to time by the Board of Directors.

3. The Executive Director shall be the official representative of the CIS/NET ADVISORY COMMITTEE responsible for the overall management of NORTHEAST TEXAS COMMUNITIES IN SCHOOLS PROGRAM. He or she shall have authority and responsibility for the administration of the program in all its activities subject to such policy as may be adopted and such orders as may be issued by the Board of Directors to NORTHEAST TEXAS COMMUNITY COLLEGE to which power has been delegated for such action.

It shall be the duty of the Executive Director to work very closely with the Chair in planning, organizing, executing, and controlling the effective daily operations of NORTHEAST TEXAS COMMUNITIES IN SCHOOLS PROGRAM and maintaining the standards for local CIS programs within the policy limits established by the Board of Directors. The Executive Director shall be responsible for the development of short- and long-range plans (1-5 years). These plans and their updates shall be presented to the CIS/NET ADVISORY COMMITTEE for approval annually.

He or she shall, along with the Chair, represent the CIS/NET ADVISORY COMMITTEE as its official representative in relation to appropriate outside agencies.

The above duties of the Executive Director may be delegated by him or her to such other qualified personnel as he or she deems necessary or appropriate.

In addition, the Executive Director shall perform duties as assigned to her or him by the CIS/NET ADVISORY COMMITTEE. In the event of the death, disability, or absence of the Vice Chair, the Executive Director shall perform the duties and exercise the powers of the Vice Chair until a new person is duly elected.

The Executive Director may also be a full-time employee of NORTHEAST TEXAS COMMUNITY COLLEGE appointed by the college president and approved by the Board of Directors to function in this role as an in-kind contribution to CIS.

4. The Secretary shall keep minutes of the meetings, give notices of all meetings, and be custodian of the records of the CIS/NET ADVISORY COMMITTEE with assistance from the CIS program office secretary. He or she shall in general perform all duties incident to the office of the Secretary, subject to the control of the CIS/NET ADVISORY COMMITTEE. It shall be the duty of the Secretary to see that all requirements of law and of appropriate state and local authorities are duly observed in the conduct of the affairs of the CIS/NET ADVISORY COMMITTEE.

5. The Treasurer shall have such responsibility of monitoring the books and records of those accounts and funds specifically earmarked for CIS activities and functions. The Treasurer will work very closely with the Executive Director and College Business Office in the maintenance of correct and complete books and records of accounts, including full and accurate accounts of receipts and disbursements by NORTHEAST TEXAS COMMUNITIES IN SCHOOLS PROGRAM.

The CIS/NET ADVISORY COMMITTEE may remove the Chair, Vice Chair, Secretary, or Treasurer by a majority vote, with or without cause, at any regular or special meetings of the Board duly called and notice duly given of such purpose.

Any officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or if not, time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

ARTICLE XXII.
CIS/NET ADVISORY SUBCOMMITTEES

The CIS/NET ADVISORY COMMITTEE shall have an Executive Subcommittee consisting of all the officers, which may exercise the power and authority of the CIS/NET ADVISORY COMMITTEE as provided for in these Bylaws or as may be provided in an adopted resolution of the Board of Directors establishing such a committee.

The Executive Subcommittee shall review the Bylaws, program improvement plans and the personnel policies annually. It shall make recommendations for updates and changes as needed. The Executive Committee shall be responsible for the annual self-evaluation of the program that shall be sent to the CIS State Office.

Other working subcommittees of the CIS/NET board shall be established by the Chair of the CIS/NET ADVISORY COMMITTEE with the consent of the membership.

ARTICLE XXIII.
NORTHEAST TEXAS COMMUNITY COLLEGE AS FISCAL AGENT FOR NORTHEAST TEXAS COMMUNITIES IN SCHOOLS

The Board of Directors shall appoint Northeast Texas Community College as the fiscal agent for the Northeast Communities in Schools Program. As fiscal agent, NORTHEAST TEXAS COMMUNITY COLLEGE shall carry out the policies of the Board of Directors and shall have charge of the management of the NORTHEAST TEXAS COMMUNITIES IN SCHOOLS, including the hiring or appointment and evaluation of an Executive Director and all other employees, shall determine their compensation, and shall cause the books and accounts of the CIS/NET ADVISORY COMMITTEE to be examined periodically and to be audited by a certified public accountant.

ARTICLE XXIV.
MISCELLANEOUS PROVISIONS REGARDING NORTHEAST TEXAS COMMUNITIES IN SCHOOLS

CIS/NET’s principal office shall be located at Northeast Texas Community College in Mt. Pleasant, Texas, serving students in the college district (Camp, Morris, and Titus counties), subject to changes by Board of Directors resolution.

The CIS logo shall be an appropriate seal as adopted by the CIS/NET ADVISORY COMMITTEE.

The fiscal year for CIS shall commence with that of the college and the Texas Workforce Commission (formerly, the Texas Employment Commission-the funding agency for CIS funds), which is on September 1 and ends on August 31 of each year.

The Executive Director of CIS/NET shall give a program progress report to the CIS/NET Board at every quarterly meeting.

Northeast Texas Community College
Foundation Board Member
Suggested Criteria for Appointment

A member of the Foundation Board is expected to assist in both the development of positive community relations and the generation of private financial support. To be effective, membership of the Board must represent a cross-section of the communities' leadership and include a variety of professional and institutional executives. Additionally, these individuals should be willing to support the college financially and influence other individuals and organizations capable of making financial contributions to the institution.

The ultimate success of the Foundation to secure financial support is wholly dependent upon the ability of the members to carry out their responsibilities. The following criteria should direct the appointment process to the Board of Governors of the NTCC Foundation.

Board members should be:

a. Highly respected and well-known members of their profession and community.

b. A person of means and a person who knows other people of means. Since the best leadership is by example, we wish the members to be our best contributors.

c. People who may have served in fundraising efforts, e.g., United Way, industrial foundations, etc.

d. Aggressive supporters of Foundation projects and assist in establishing funding priorities.

e. Able to commit the time necessary to actively participate in the Foundation (i.e., attend three of four meetings each year, attend special events, call on potential donors).

f. Acknowledges and supports the values embraced by NTCC.

g. Willing to support the Foundation financially either through an annual contribution or by securing contributions.

h. Available to the College President and Advancement Office for counsel.

The three "g" philosophy of serving on a board: Give, Get, or Get off!
The three "w" philosophy of serving on a board: Wealth, Wisdom, or Worker!

Capital Campaigns

Campaign Reporting Standards

1. **Campaign Period**
   For purposes of these standards, the "Campaign Period" refers to the total time encompassed by the active solicitation period of the campaign, including the advance gifts phase.

2. **Pledge Payment Period**
   The pledge payment period should not exceed three years.

3. **Principles of Campaign Counting**
   The principles for counting campaign gifts are:

   I. Only those gifts and pledges received or committed during the specific period of time identified for the campaign should be counted in campaign totals.

   II. Exceptions to subsection (I) above may be made and gifts and pledges made prior to the start of the campaign may be "grandfathered" <u>only</u> if they meet one of the following three criteria:

      - The gift or pledge was made with the explicit understanding that it would be counted in campaign totals.
      - The gift or pledge was a challenge grant which will be met during the campaign period.
      - The gift or pledge was in support of a capital project which will be a fundraising priority in the campaign period.

   III. The value of any canceled or unfulfilled pledges must be subtracted from campaign totals when it is determined they will not be realized.

4. **Advance Gifts Phase/Nucleus Fund Phase**
   The advance gifts or nucleus fund phase is that period prior to public announcement of the campaign, or the campaign's official goal, during which pace-setting gifts are sought from individuals and foundations. As indicated above, the advance gifts phase is a part of the Campaign period.

   Credit for gifts received in the advance gifts phase of a campaign shall be given for all gifts and pledges made during the advance gifts phase.

5. **Types of Gifts**
   The campaign is a broad-based comprehensive campaign which will include, but not be limited to, gifts of cash, marketable securities, closely held stock, real property, tangible and intangible personal property, deferred life income plan and charitable lead trust gifts, remainder interests in residences and farms, life insurance, bequest and other testamentary gift intentions, gifts-in-kind, and private grants. The Gift Acceptance and Disposition Policy shall remain in full force and effect during the campaign period and thus gifts of real property, certain tangible personal property, non-publicly traded securities, and other types of non-liquid assets, may require the approval by the Foundation Committee prior to acceptance.

6. **When to Report Gifts**
Outright gifts should be reported only when assets are transferred irrevocably to the Foundation/institution. Deferred gifts should be reported only when assets are transferred or, in cases where no assets are transferred, when a legally binding deferred pledge agreement or other irrevocable document is consummated with the institution.

7. **Pledges**
Oral Pledges: Oral pledges should not be reported in campaign totals. On the rare occasion when special circumstances may warrant making an exception, the advancement officer should write the individual making an oral pledge to document the commitment, place a copy of the written commitment in the donor's file, and gain specific written approval from a gift acceptance committee made up of institutional and volunteer representatives.

   Pledges of Cash: Pledges of cash should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledge payment period, regardless of when the pledge is made, should not exceed five years. Therefore, a pledge received even on the last day of the campaign is counted in campaign totals and may be paid over a five-year period.

8. **Exclusions**
The following types of funds should be excluded from campaign report totals:

   - gift or pledges, outright and deferred, that already have been counted in previous campaigns, even if realized during the campaign-reporting period.
   - investment earnings on gifts, even if accrued during the campaign-reporting period and even if required within the terms specified by a donor (the only exception permitted to this exclusion would be interest accumulations counted in guaranteed investment instruments that mature within the time frame of the campaign, such as zero coupon bonds);
   - earned income, including transfer payments from medical or analogous practice plans.
   - surplus income transfers from ticket-based operations, except for any amount equal to that permitted as a charitable deduction by the IRS.
   - contract revenues.
   - contributed services, except for those permitted as a charitable deduction by IRS; and
   - governmental funds. It is recognized that certain state and federal government programs requiring private matching funds bear a special relationship to the encouragement of philanthropy. Nevertheless, the difference between public and private support is profound within the American tradition.

Campaigns are clearly instruments of philanthropy while governments are channels for the implementation of public policy. While both philanthropy and public policy may be motivated by compassion for others, only philanthropy involves the disposition of privately held resources for the public good. *Governmental funds will NOT be reported in campaign totals.*

CAMPAIGN COUNTING AND CREDITING GUIDELINES

The following policies concerning the valuation of gifts closely follow the CASE (Council for the Advancement and Support of Education) Campaign Standards.

Pledges of Cash

Pledges of cash should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledges payment period, regardless of when the pledge is made, should not exceed five years.

Cash/Checks

Cash/checks will be reported at full value as of the date received.

Marketable (Publicly Traded) Securities

Marketable securities will be counted at the average of the high and low quoted selling prices on the date the donor relinquished dominion and control of the assets in favor of the Foundation (or the average of the bid/ask in the case of certain securities). When dominion and control has been relinquished by a donor depends upon the method of delivery of the securities to the Foundation. For example, stock electronically transferred in concert with the Foundation office is valued as of the date of transfer. Stock in the name of the donor which has been mailed to the Foundation is valued as of the latest date of postmark of either the stock certificate or signature guaranteed stock power. Stock directed by the donor to be registered in your name on the books of the corporation is valued as of the date such stock is registered. Stock delivered to the Foundation by the donor in negotiable form is valued on the date received by the Foundation.

Closely Held Stock

Gifts of closely held stock, approved exceeding $10,000 in value, will be reported at the fair market value placed on them by a qualified independent appraiser as required by the IRS for valuing gifts of non-publicly traded stock. Gifts of $10,000 or less may be counted at the value determined by a qualified independent appraiser (including an independent CPA who maintains the books for a closely held corporation) or at the per-share cash purchase price of the most recent bona fide transaction involving such stock (which must have occurred within the 12 months preceding such gift) or at the price such stock is redeemed during the campaign period.

Gifts of Property

Gifts of real and personal property for which donors qualify for a charitable deduction will be counted at their full fair market value as substantiated by a qualified appraisal and/or IRS Form 8283 by the donor. Gifts-in-kind, such as equipment and software, will be counted at their educational discount value, which, for purposes of these standards of reporting, shall be deemed to be fair market value. When no educational discount value can be determined, especially in the case of donated software, a value of 50% of retail will be deemed fair market value and so counted for campaign purposes.

Irrevocable Life Income Gifts: Charitable Remainder Trusts, Pooled Income Funds, Gift Annuities (Current and Deferred)

Irrevocable life income gifts having a remainder value equal to or greater than 25% according to the IRS tables shall be counted at full market value for campaign purposes.

> <u>Example</u>: Donor makes a gift of $100,000 to a charitable remainder unitrust. Your remainder interest is calculated under the IRS tables to be $50,000, or 50%. Donor's gift is thus counted for campaign purposes at its fair market value of $100,000.

Current policies require that there be at least a 25% charitable remainder value in any trust for which the Foundation serves as trustee. Those arrangements having a remainder value less than 25% according to the IRS tables will be discounted 20% for each 5% or portion thereof under 25%.

> <u>Example</u>: Donor makes a gift of $100,000 to a charitable remainder unitrust. The Foundation's remainder interest is calculated under the IRS tables to be $23,000, or 23%. Since NTCC's remainder interest is between 20% and 25%, donor receives campaign credit for $80,000, representing a discount of 20% from the gift's full fair market value. If the Foundation's interest were calculated to be worth $12,000, or 12%, donors would receive campaign credit of $40,000, applying a 60% discount to the full fir value.

Campaign credit will be given for charitable remainder trusts administered outside of the Foundation, provided the Foundation's interest is such trust is irrevocable and verifiable. With respect to all life income arrangements campaign credit shall only be given only to the extent the Foundation's remainder interest is irrevocable.

> <u>Example</u>: The Foundation is presently the sole charitable beneficiary of an otherwise qualifying charitable remainder trust, but the donor has given the trustee the right to divert 50% of the principal to other charities. The donor will thus receive campaign credit for 50% of the full fair market value of the trust. However, ff the trustee can only divert 25%, then the donor gets credit for 75%.

Remainder Interests in a Residence or Farm

A gift of a remainder interest in a residence or farm shall be counted for campaign purposes at full fair market value of the residence or farm. An appropriate discount shall be applied where the remainder value is under 25% according to the IRS tables in accordance with the provisions relating to Irrevocable Life Income Gifts.

Irrevocable Charitable Lead Trusts

Campaign credit shall only be given to the extent a charitable lead trust is verifiable and the Foundation's interest therein is irrevocable.

A. <u>Irrevocable Charitable Lead Annuity Trust</u>: The aggregate amount of the anticipated annuity payments to be received over the first five years of the trust shall be counted at full value. Anticipated annuity payments to be received in year six and beyond shall be counted at their discounted present value.

Example: Donor establishes a $1,000,000 CLAT having a seven-year term and a 10% payout rate. The annual payments to the Foundation will be $100,000, for a total of $700,000 payable over the term of the trust. Donor will receive campaign credit for the first five years of payments -- $500,000 – at full value. For years six and seven, donor will receive credit equal to the discounted present value of the remaining income stream based on a then current AFR of 7.6%, which is $124,330. Donor thus receives total campaign credit of $624,330 ($500,000 + $124,330).

B. <u>Irrevocable Charitable Lead Unitrust</u>: The aggregate amount of the anticipated unitrust payments to be received over the first five years of the trust, after applying the AFR for the month the trust was established as an anticipated income return, shall be credited to the campaign at full value. Anticipated annuity payments to be received in year six and beyond shall be credited to the campaign at their discounted present value.

Example: Donor establishes a $1,000,000 CLUT having a seven-year term and a 10% payout rate. The growth rate of the trust principal is based on the then current AFR rate, 7.6% for purposes of this example. Based on the above assumptions, the estimated annual payments from the trust over the 5-year period are projected to be: (1) $100,000; (2) $97,000; (3) $95,258; (4) $92,972; and (5) $90,740 – or a total of $476,570 over the five year period. The discounted present value of the income stream to be received in years 6 and 7 based on the ten current AFR is computed as $108,827. Donor thus receives total campaign credit of $585,397 ($476,570 + $108,827).

Realized Bequests and Other Testamentary Distributions

A. Bequest and Revocable Testamentary: All amounts received by the Foundation by bequest or pursuant to other revocable testamentary plans during the campaign shall be credited at the value received, provided that if such amount was preciously credited for campaign purposes as an expectancy, only such amount received in excess of the previously credited expectancy amount shall be counted.

B. Amounts received from Life Income Plans: Amounts received from life income plans during the campaign of which the Foundation had no prior knowledge shall be counted at the value received. In cases where the Foundation receives amounts from life income plans established with the Foundation's knowledge during the campaign, only those amounts in excess of the previously credited amount shall be so counted for campaign purposes.

Life Insurance

To count gifts of life insurance, the Foundation must be the owner and irrevocable beneficiary of the policies.

A. Paid-up Life Insurance Policies: Paid-up life insurance policies will be counted at the cash surrender value, and reported as a current outright gift.

B. Existing Policies Not Fully Paid Up: A life insurance policy that is not fully paid up on the date of contribution, which is given during the period of the campaign, will be counted at the existing cash surrender value, and recorded as an outright gift. A pledge of continuing premium payments will be counted at the aggregate of the remaining projected premiums over said five-year pledge period at full value.

C. New Policies: A pledge of premium payments for a new policy over a five-year pledge period will be counted at the aggregate of the projected premiums over said five-year pledge period at full value.

D. Realized Death Benefits: The insurance company's cash settlement amount for an insurance policy whose death benefit is realized during the campaign period, whether the policy is owned by the institution or not, will be counted in campaign totals, provided no gift amounts in connection with said policy (cash value of gifted policy or cash premiums received) were previously counted in campaign totals. To the extent any cash value or premium amounts were previously counted in the campaign period, appropriate adjustments will be made so that only the excess of the settlement amount over the previously counted amounts will be counted.

Wholly Charitable Trusts Administered Outside

In the case of a wholly charitable trust administered outside the fair market value of the trust assets, or such portion thereof, representing the Foundation irrevocable income interest therein shall be credited as a current gift in the year in which the trust is established. All income from the trust will be treated as endowment income and, thus, will not be counted for campaign purposes.

Non-Government Grants and Contracts

Grant income from private, non-government sources will be reported; *all contract revenue will be excluded.* The difference between a private grant and contract is judged on the basis of the intention of the awarding agency and the legal obligation incurred by the Foundation in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible benefit in return. It is donative in nature. A contract carries an explicit "quid pro quo" relationship between the source and the institution.

CODICIL

CODICIL TO THE LAST WILL AND TESTAMENT OF _________________________

I, ____________________, of ________________ (Your City and State), declare this as a Codicil to my Last Will and Testament, which is dated _______________ (Date of Original Will).

1. **Amendment of _______________ (Specific Clause or Section**): I hereby amend _______________ (specific clause or section to be amended) of my Last Will and Testament dated _______________ (Date of Original Will) as follows:

[Original Text of Clause or Section]

[Amended Text of Clause or Section]

2. **Additional Provisions:** I further add the following provisions to my Last Will and Testament:

[New Clause or Section]

3. **Revocation of Prior Codicils:** I expressly revoke any and all prior codicils to my Last Will and Testament.

4. **Confirmation of Will:** Except as expressly modified by this Codicil, I confirm my Last Will and Testament dated _______________ (Date of Original Will).

5. **Execution:** I execute this Codicil on _______________ (Date), at _______________ (Location), in the presence of the undersigned witnesses, who, in my presence and in the presence of each other, have hereunto subscribed their names as witnesses.

Signature of Testator: _______________ [Your Full Legal Name]

Date: _______________

Witnesses:

1. ________________ [Witness 1 Name] Address: ________________

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2. ________________ [Witness 2 Name] Address: ________________

Acknowledgment:
I, ________________ [Your Full Legal Name], the Testator, sign and declare this instrument to be my Codicil to my Last Will and Testament, and I willingly execute it as my free and voluntary act for the purposes expressed in it.

__________________________ [Your Full Legal Name]

Date: ________________

NTCC Codicil

Conflict of Interest

Conflict of Interest Policy

It is the purpose of this policy to protect the integrity of NTCC Foundation (hereafter referred to as "the Foundation"), assure the independence, impartiality, and honesty of Foundation Board members, and inform citizens of the existence of any personal interests which may conflict with the public trust.

It is the policy of the Foundation that any member of the Foundation Board of Directors and all of its employees, including any person employed as a consultant and other individual empowered by the Foundation Board of Directors to act on its behalf (all of which are hereafter referred to as "Board Members" for the purposes of this policy and its related procedure), shall avoid any conflict, real or implied, between personal interests and the interests of the Foundation. A customer, supplier, or other principal of an organization supplying goods or services to the Foundation shall not be a member of the immediate family of a Foundation Board member. It is further required that any Foundation Board member who might reasonably be expected to derive material benefit, directly or indirectly, from any contract or other transaction pertaining to the maintenance or conduct of Foundation business shall promptly so declare in writing to the maintenance or conduct of Foundation business shall promptly so declare in writing to the Foundation President.

This policy also applies to the use of any Foundation equipment or resources, including intellectual property, resulting, or potentially resulting in material benefit. Where a conflict of interest or the potential for a conflict of interest is found to exist, the Foundation Board member with the conflict shall not take any official action, make any formal decision, or make any recommendation for action or decision-making.

The following definitions apply to this Conflict of Interest Policy and its related procedure.

Definitions

"Conflict of Interest" – means any official action or any decision or recommendation by a person acting in a capacity as a Foundation Board member, the effect of which would result in a pecuniary benefit to that Foundation Board member, or to members of that person's family, household, or a business with which that Foundation Board member or a member of that Board member's family or household is associated.

"Foundation Board Member" - means any person holding office as a duly elected member of the Foundation Board of Directors, a person employed by the Foundation on a consulting basis, or any other individual empowered by the Foundation to act on its behalf.

"Business" – means any undertaking operated for economic gain, including but not limited to a corporation, partnership, trust, proprietorship, firm, association, or joint venture of which the Foundation Board member or member of his/her family or household is a director, officer, owner, partner, member, manager, employee, agent or holder of equity interest valued at $5,000 or more.

"Action" – means any decision, proposal, consideration, enactment, discussion, defeat, or failure to act by a Foundation Board member including College trustees, employees, committees, or consultants.

"Family Member/Household Member" – means parent, grandparent, sister, brother, spouse, children, aunt, uncle, other close relative, or non-family member of the household.

"Material Benefit" – means any valuable consideration including but not limited to cash, real estate, other tangible property, and the use of enjoyment of services, facilities or properties with an estimated value in excess of $100, except when in the course of fulfilling duties as a Board member one receives use of services, facilities, or goods or reimbursement of expenses so incurred.

Conflict of Interest Procedure

In cases where a conflict of interest or the potential for a conflict of interest is believed to exist, the Foundation Board member, person employed by the Foundation on a consulting basis, or any other individual empowered by the Foundation to act on its behalf (hereafter referred to as "Foundation Board member" for the purposes of this procedure) involved shall prepare a detailed statement describing the nature of the conflict of interest and deliver it to the Foundation President. The President may obtain an advisory opinion from the Foundation's legal counsel. During the period when an advisory opinion is being sought, the Foundation Board member will take no official action, make no formal decision, and make no recommendation for action or decision making, and shall remove himself/herself from all discussions pertaining to matters in any way related to the potential conflict of interest.

If there is a determination that no conflict of interest exists, the Foundation Board member may resume all activities associated with his/her normal duties. If it is determined that a conflict of interest does exist or that there is a potential for a conflict of interest, the Foundation Board member shall make additional disclosures to all persons or organizations involved or affected, remove himself/herself from all actions, recommendations, and discussions as described elsewhere in this policy/procedure, and the Foundation President shall delegate all responsibilities and activities involved to someone for whom no conflict of interest exists.

Disclosure of a conflict of interest does not affect a Foundation Board member's authority to be counted for purposes of a quorum. Any Foundation Board member who intentionally fails to disclose a conflict of interest shall be subject to the penalties provided in Texas law, as well as any further discipline as may be determined by the Foundation Board of Directors.

Date of Gift

We maintain two dates for each transaction, the effectiveness or credit date of the gift, and the process date when the check was deposited. The date of the gift is determined to be the date it passes out of the donor's control. For cash/check donations and securities sent through US Mail, this is the postmark date on the envelope. For hand-delivered and non-US Mail (e.g., FedEx or UPS) the credit date is the date received, and for securities held in an account, it is the day it was transferred from the donor account to the gift account.

At NTCC Foundation, for simplicity, we use the date we received the gift in our office as the credit date for checks and cash. However, each January, the effective or credit date for donations through US Mail will be the date of the postmark in order to accommodate donor making donations at the end of the tax year. During this month, the process date will remain the date of the check deposit.

DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit Foundations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the Foundation’s mission, of the way the Foundation intends to use donated resources and of its capacity to use donations effectively for their intended purposes.

2. To be informed of the identity of those serving on the Foundation’s governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities.

3. To have access to the Foundation’s most recent financial statements.

4. To be assured their gifts will be used for the purposes for which they were given.

5. To receive appropriate acknowledgment and recognition.

6. To be assured that information about their donations is handled with respect and confidentiality to the extent provided by law.

7. To expect that all relationships with individuals representing Foundations of interest to the donor will be professional in nature.

8. To be informed whether those seeking donations are volunteers, employees of the Foundation or hired solicitors.

9. To have the opportunity for their names to be deleted from mailing lists the Foundation may intend to share.

10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Gift Acceptance Policy

Acceptance of any contribution, gift, or grant is at the discretion of the Northeast Texas Community College (NTCC) Foundation and/or the Northeast Texas Community College Board of Trustees. The NTCC Foundation will not accept any gift unless it can be used or expended consistently with the purpose and mission of Northeast Texas Community College.

No irrevocable gift, whether outright or life-income in character, will be accepted if under any reasonable set of circumstances, the gift would jeopardize the donor's financial security.

The NTCC Foundation will refrain from providing advice about the tax or other treatment of gifts and will encourage donors to seek guidance from their own professional advisors to assist them in the process of making their gift.

The NTCC Foundation will accept donations of cash or publicly traded securities. Gifts of in-kind services will be accepted at the discretion of the NTCC Foundation.

Certain other gifts, real property, personal property, in-kind gifts, non-liquid securities, and contributions whose sources are not transparent or whose use is restricted in some manner, must be reviewed prior to acceptance due to the special obligations raised or liabilities they may pose for the NTCC Foundation.

The NTCC Foundation will provide acknowledgments to donors meeting IRS substantiation requirements for property received by the college as a gift. However, except for gifts of cash and publicly traded securities, no value shall be ascribed to any receipt or other form of substantiation of a gift received by the NTCC Foundation.

The NTCC Foundation will respect the intent of the donor relating to gifts for restricted purposes and those relating to the desire to remain anonymous. With respect to anonymous gifts, the NTCC Foundation will restrict information about the donor to only those staff members with a need to know.

The NTCC Foundation will not compensate, whether through commissions, finders' fees, or other means, any third party for directing a gift or a donor to the NTCC Foundation.

Gift Acknowledgements

All gifts, regardless of value, form, or designated use, should be acknowledged by official correspondence or receipt from the Advancement office. These documents represent to the donor, the NTCC Foundation's official acceptance of this gift and its terms and conditions as well as certification of his/her charitable act for tax purposes.

1. Acknowledgement by NTCC Foundation: All gifts are officially acknowledged by the Foundation through the Advancement office and will include a numbered receipt sent to each donor.

2. Acknowledgement by Departments: It is recommended that departmental chairpersons or directors send a thank you letter in addition to the Foundation's official acknowledgement for gifts received by the department or staff member for any use. Copies of this correspondence should be forwarded to the Advancement office for retention in the donor file.

3. Time of Acknowledgement: Gifts must always be acknowledged as promptly as possible. The Advancement office makes it a practice to send the Foundation's official acknowledgement (usually a letter with gift receipt) within 48 hours after the gift has been received in the Foundation office.

Acknowledgements are often referred to as receipts. **THEY ARE NOT!** Acknowledgements are generated not only in recognition of a Gift or pledge payment, but also in thanks for a pledge. The term acknowledgement is used in reference to all three. Acknowledgements are automatically generated by Poise in response to recording pledges and payments.

The Advancement office does have standing instructions to not generate acknowledgements under certain conditions. For example, acknowledgements might not be generated for Dues, Payments, or Telethon (selected) Pledges.

Requesting the Advancement office not to generate and mail acknowledgements is strongly discouraged. These acknowledgements are an accurate reflection of how and when we processed a contribution and are acceptable for tax preparation purposes. Note that, effective 1/1/94, a donor must possess an official acknowledgement for any gift of $250 or greater in order to claim a charitable tax deduction.

Acknowledgements are generated the same day the transaction is processed and are delivered to the Advancement office before noon the following business day. These acknowledgements are then verified for accuracy and mailed by first class mail, normally within one business day of receipt. The Advancement office absorbs all costs associated with the creation and mailing of these acknowledgements.

Acknowledgements will normally reflect the value of the contribution received. They will also indicate the name of the fund to which the gift was applied and applicable memorial, honorary, or other necessary information. If appropriate, it will also indicate if matching funds are anticipated. In cases of gifts of securities, the name of stock, number of shares, and the value date will be added. Gift-in-kind acknowledgements are also issued, but do not reflect any valuation in accordance with IRS rules. Instead, a description of the item given is provided.

Gifts of Securities/Real Estate and Insurance

TRANSFERRING SECURITIES

When a donor indicates a desire to make a contribution in the form of a marketable security, the Advancement office must be contacted.

a. Delivery of Securities: The transfer of securities certificates as gifts to the NTCC Foundation is especially sensitive and may only be accomplished in the following ways:

1) Certificates belonging to the donor will be sent only by certified or registered mail, or by hand. A stock power form signed by the donor and naming the NTCC Foundation as transferee, will be sent in a separate envelope using certified or registered mail.

2) Securities and stock powers shall be mailed, or hand delivered to the Foundation/Business office.

b. Handling by Brokers or Agents: Brokers are frequently instructed by donors to transfer their securities to the Foundation as gifts. The donor should instruct his broker to immediately notify the Foundation's Controller or Advancement officer of the gift by telephone or telegraph, and to request instructions for correct handling of these securities. Securities certificates should not be issued in the name of the Foundation. Only signed stock powers are required by the Foundation to affect title transfer.

c. Instructions regarding use of gifts of securities:

1) When gifts of securities are made, the Foundation must also be advised of the donor's wishes, both as to disposition of this property, and purpose for income derived to the Foundation from ownership. Instructions should accompany the gift to clearly indicate the intention of the donor. If none are received, the Foundation has the authority to sell these securities, if it chooses, and to use the funds (or income, if retained) for areas of current needs.

2) Particular care with the envelope transmitting any gift of securities is required since the postmark on the envelope determines the date for computing the value of the gift for the donor's charitable deduction.

d. Receipt of securities by staff or in department: Stock certificates received by any employee of the Foundation are to be handled quickly and delivered to the Advancement office with care given to the entire package, including the envelope.

REAL PROPERTY

The NTCC Foundation will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.), including gifts subject to a retained life estate, only after a thorough review of the criteria for acceptance set forth below under the direction and supervision of the Foundation Director.

A. CRITERIA FOR ACCEPTANCE

1. Market Value and Marketability. The Foundation must receive a reasonably current appraisal of the fair market value of the property. The Advancement officer will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. The Advancement officer must understand and communicate to donors that it is our policy to dispose of all gifts of real estate (other than property which the Foundation wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by the donor's appraisal, the Foundation will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within two years of the date of gift will be reported to the IRS on Form 8282.

2. Potential Environmental Risks. All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property which has been used solely for residential purposes for a significant (at least twenty-year) period of time.

3. Limitations and Encumbrances. The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of real estate will be accepted until all mortgages, deeds or trust, liens and other encumbrances have been discharged.

4. Carrying Costs. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes, and insurance, must be disclosed.

5. Title Information. A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

B. APPROVAL/ACCEPTANCE PROCESS

1. The Advancement office will prepare a written summary of the gift proposal. As a minimum, the summary shall include the following information:

    a) Description of real property.

    b) the purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift.

c) an appraisal of the property; fair market value and marketability.

d) any potential for income and expenses, encumbrances, and carry costs prior to disposition.

e) any environmental risks or problems revealed by audit or survey.

f) any potential use; and

g) any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, realtors, or brokers with whom the donor would like the NTCC Foundation to list the property, etc.).

h) the NTCC Foundation will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, qualified appraisal required by the IRS.

2. The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary by the Advancement officer, a current survey, title insurance are charged to the fund code of the department(s), program(s), or endowment(s) to benefit by the donation. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of real property.

LIFE INSURANCE

A. CRITERIA FOR ACCEPTANCE

The NTCC Foundation will accept gifts of life insurance policies, including whole life, variable and universal life policies, which meet the following three criteria:

1. The policy is either paid-up or, if not paid-up as of the date of the gift:

    a. has a minimum face value of $10,000

    b. has a payment schedule not to exceed twelve years and which assumes an interest rate not to exceed one percent below the prevailing prime interest rate as reported in the Wall Street Journal (for existing policies an "in force" illustration will be required); and

    c. requires a written pledge of a charitable contribution from the donor in a total amount which equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the absolute ownership by the Foundation of the policy given and acknowledge the resulting right of the Foundation to cash-in the policy and apply the proceeds of the same for the benefit of the Foundation in accordance with an existing endowment agreement, if any; and if there is no endowment agreement in effect, or if minimum funding levels for the same are not attained with the proceeds, then the pledge shall provide that the proceeds shall be applied for the benefit of the Foundation as deemed appropriate, giving due consideration to the intent of the donor.

If intended for endowment purposes, the face value of the policy meets the minimum funding standards for endowments for its stated purposes established by the Board of Trustees and in effect at the time of the gift of the policy.

B. APPROVAL/ACCEPTANCE PROCESS

1. The Foundation officer will prepare a written summary of any proposed gift of a life insurance policy.

    a. description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured, and other relevant policy information; and

    b. the purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift.

2. If a proposed gift of a life insurance policy is approved by the NTCC Foundation, the Advancement office will acknowledge receipt of the gift.

3. The gift will be completed upon the execution and delivery of the life insurance policy or an assignment of the policy in the event that the Foundation is not the original owner of the policy.

C. ADMINISTRATION

The Advancement office shall administer all gifts of life insurance policies and shall maintain records of all donor policies, contribution schedules, donor designations of death benefits, and the like. This office also shall be responsible for pledge reminders and monitoring payments of premiums.

The Business office shall be responsible for confirming the existence and cash value of all policies in force at least annually and for collecting and distributing death benefits. Upon receipt of death benefits, the Business office shall provide notice to the department(s), program(s), or endowment(s) to benefit from the gift.

OTHER ASSETS

A. CRITERIA FOR ACCEPTANCE

The NTCC Foundation will consider gifts of other assets, including but not limited to promissory notes, assignment of promissory notes, partnership interests, and restricted or non-publicly traded securities, only after a thorough review of the criteria set forth below.

1) *Market Value and Marketability.* Receive a reasonably current appraisal of the fair market value of the property and interest in the property the Foundation would receive if the proposed gift were approved. The Advancement office will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. The appraisal and other information must indicate clearly and convincingly that there is a market for the asset under consideration and that the asset can be sold within a reasonable period of time.

2) *Potential Environmental Risks.* All proposed gifts of real property must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property which has been used solely for residential purposes for a significant (at least twenty-year) period of time.

3) *Limitations and Encumbrances.* The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.

4) *Carrying Costs.* The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes, and insurance, must be disclosed.

5) *Title Information.* A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

Investment Policy

General Philosophy

(a) The basic goal of this investment policy is to provide that the assets of the Foundation office are invested in a prudent manner, and that the income from those investments, including realized gains, together with other expected revenues of the Foundation office, will be sufficient to fund the programs, activities, and operating expenses of the Foundation office, and that the real value of assets allocated to endowment accounts (referred to as "endowment funds" in this policy) is maintained over time.

(b) The Foundation office's Board of Directors (referred to as "the Board" in this policy) has ultimate responsibility for investment policy and asset allocation strategies. However, due to constantly changing conditions in the capital markets, the Board may delegate full investment discretion to one or more external investment managers (referred to as "Managers" in this policy). The Managers will be instructed to exercise such discretion with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

(c) The Board does not feel that it is necessary or appropriate to adopt overly aggressive investment approaches which may expose the Foundation office to severe depreciation in asset value during adverse markets. While high risk is to be avoided, the assumption of a moderate level of risk may be warranted in order to achieve the investment objectives set forth in this policy.

(d) In order to spread investments risk and provide a measure of protection against performance volatility, the Foundation office's assets should be diversified among asset classes and among securities within each asset class.

Investment Objectives

1. This section applies to all assets of the Foundation office placed with Managers. These following definitions are applicable for the objectives set forth in this section:

   (a) “Total annual return” means the remainder of:

   - The total of all dividend income, interest income, capital gain distributions, and the net change in the fair market value of all asset’s held by Managers, adjusted by time-weighted and dollar-weighted factors to accommodate principal additions and withdrawals; and
   - Subtracting transaction costs and management fees from the aforementioned total

   (b) “Inflation rate” refers to the increase in the consumer price index as reported by the United States government.

2. The primary investment objective of the Foundation office is to achieve an annual return, measured on a five-year moving average, equal to or greater than inflation plus three percent (3%).

3. The secondary investment objective of the Foundation office is to annually meet or exceed the performance of appropriate indexes mutually agreed to by representatives of the Foundation office’s investment Managers and the Treasurer and Assistant Treasurer of the Foundation office.

Specific Investment Objectives and Equity Allocation – Endowment Funds

(a) This section applies to endowment funds that are placed with Managers. The Foundation office relies upon its endowment funds to provide a recurring source of revenue to support the Foundation office programs and activities.

(b) Over time, the total return on the Foundation office’s endowment funds should be sufficient to:

1. Maintain the real value of those funds through reinvestment of a portion of the total return; and
2. Annually utilize an amount equal to five percent (5%) of the asset value of those funds to support the programs and activities of the Foundation office.

With respect to subdivision (2), the amount utilized during a particular fiscal year to support programs and activities of the Foundation office shall be based on the asset value of the Foundation office’s endowment funds as of the immediately preceding January 1. However, the amount may be increased with the approval of the Treasurer of the Foundation office if significant additional endowment contributions are received after that January 1 date and before the start of the third quarter of the fiscal year.

(c) The amount of the Foundation office’s endowment funds invested in equity securities during a particular calendar quarter should not exceed sixty-five percent (65%) of the Foundation office’s total endowment funds as of the first day of the immediately preceding calendar quarter.

Specific Investment Objectives and Equity Allocation – Operating Funds

(a) This section applies to the Foundation office assets that are not allocated to an endowment account (referred to as "operating funds" in this policy) and that are placed with Managers. Operating funds are held by the Foundation office until they are needed for programs, activities, or operating expenses of the Foundation office. As used in this section, "excess operating funds" means, with respect to a particular calendar quarter, an amount equal to the remainder of:

1. the Foundation office's total operating funds as of the first day of the immediately preceding calendar quarter; minus
2. two hundred percent (200%) of the Foundation office's original budget for expenses for the fiscal year of which the particular calendar quarter is a part.

(b) Subject to the investment limitations set forth in section 5(b) of this article, operating funds should be invested in such a manner as to maximize the income received by the Foundation office.

(c) Operating funds should not be invested in any equity security that does not have a history of paying dividends. In addition, the amount of operating funds invested in equity securities during a particular calendar quarter should not exceed the lesser of:

1. forty percent (40%) of the Foundation office's total operating funds as of the immediately preceding calendar quarter; or
2. the Foundation office's excess operating funds for the particular calendar quarter.

Limitations

(a) This section applies to the Foundation office funds placed with Managers.

(b) The following limitations apply to the investment of the Foundation office assets in fixed income securities:

1. At least seventy-five percent (75%) of all bonds purchased must be rated "A" or better by Moody's or Standard and Poors. No bond purchase may carry a rating below investment grade, or "BAA/BBB" at the time of purchase.
2. No more than twenty percent (20%) of the fixed income portfolio may be invested in any one industry.
3. No more than five percent (5%) of the fixed income portfolio may be invested in any one issuer.
4. No tax-exempt securities or taxable convertible bonds may be purchased.
5. No more than one hundred thousand ($100,000) may be invested in certificates of deposit in any one bank or financial institution.
6. No more than ten percent (10%) of the fixed income portfolio may be invested in securities issued by foreign governments. All such securities shall be payable in United States dollars.

The limitations set forth in subdivision (1) through (6) of this subsection do not apply to securities issued or guaranteed by the United States government of its agencies. Bond mutual funds may be purchased if they meet those limitations.

(c) The following limitations apply to the investment of the Foundation office assets in equity securities:

1. No investments may be made in preferred stocks, real estate investment trusts, or common stock.
2. All equity investments must be in publicly traded common stocks or in common stock mutual funds.
3. No more than twenty percent (20%) of the equity portfolio may be invested in any one industry.
4. No more than five percent (5%) of the equity portfolio may be invested in any one issuer.
5. No more than ten percent (10%) of the equity portfolio may be invested in equities issued by foreign firms.

Assets Not Under Management

(a) This section pertains to the Foundation office assets not placed with Managers.

(b) Except as otherwise provided in subsections (c) and (d), the Foundation office funds described in subsection (a) may be invested only in:

1. Certificates of deposit, money market accounts, interest bearing demand deposits, or similar accounts, which are insured by the Federal Deposit Insurance Corporation (FDIC).
2. Notes, bills, bonds, or similar evidence of indebtedness, which are issued by the United States government or its agencies.
3. Commercial paper which has a rating of A-1, P-1, or F-1 at the time of purchase.
4. Money market mutual funds.

(c) Property donated to the Foundation office, including but not limited to equities, real property, an equipment, may be retained as an asset of the Foundation office, until such time as the sale or transfer of the asset appears to be reasonable and prudent.

(d) The Foundation office funds may be used to purchase real or personal property that is acquired by the Foundation office to meet an existing or future need of the organization, regardless of whether the organization will be able to completely reimburse the Foundation office for the cost of the real or personal property. However, if the organization is able to reimburse the Foundation office, the reimbursement should include an amount equal to the estimated investment income that the Foundation office would have received under subsection (b).

Periodic Review and Reporting

(a) The Finance Committee of the Board shall review investment transactions and investment performance at least quarterly. At the Board meeting in March of each year, the Finance Committee shall report on the investment performance for the past calendar year and recommend to the Board changes to the investment policy, or changes in the Managers, if needed.

(b) In order to respond to changing conditions in capital markets, the Finance Committee may, at any time, recommend a change in the Foundation office's investment policy, and the Executive Committee may act upon the Finance Committee's recommendation. If there is a change of more than ten percent (10%) in the asset value of the Foundation office's endowment funds from one year to another, the Finance Committee shall consider whether it should recommend a change in pay out percentage set forth in section 3(b)(2) of this article.

(c) Before the first day of each calendar quarter, the staff of the Foundation office shall calculate the limits on equity investments provided for in sections 3(c) and 4(c) of this article. In addition, before the start of each calendar quarter, the Foundation office staff shall notify the Foundation office's Managers of the limits on equity investments for that calendar quarter.

IRS Audit Guidelines

Our objective at all times is to ensure that our policies and procedures are in compliance with local, state, and federal regulations. It is appropriate, therefore, to provide the below excerpts from the "Proposed College and University Examination Guidelines" of the Internal Revenue Service, August 1994. These guidelines highlight what the IRS will be looking for should they conduct an audit of the Foundation.

1. Many institutions require that large contributions, especially conditional or earmarked contributions, be formally accepted by a governing board. **Review minutes of the governing board as well as the fundraising committees (budget, finance, or foundation) to identify any conditional contributions that may have questionable terms.** For example, a gift to build a campus building may be conditioned on the use of a certain architect or a specific construction firm. This condition may suggest a private benefit that could jeopardize the IRS 170 deduction if the donor and architect or builder has less than an arms-length relationship. If impermissible private benefit is possible, it may be appropriate to refer the matter to the Examination Division for a concurrent examination.

2. **Review the institution's fundraising program to determine if donors receive benefits that might affect the deductibility of their contributions.**

   a. **Identify the officials responsible for soliciting and accounting for gifts. Obtain a description of their activities and functions.**

   b. **Review the minutes of any committees** (such as budget, finance, or foundation) involved in fundraising.

   c. **Review internal reports related to gifts.** There may be alphabetical lists of contributors, lists of donors by category (e.g., alumni or corporate), lists of restricted gifts, lists of in-kind gifts, etc.

   d. **Review agreements and correspondence to determine if there are restricted, earmarked, or gifts conditioned on benefits being provided to the donor.**

   e. **Determine how gifts other than cash are treated.** Find out how the property is valued. Determine whether the institution secures its own appraisal, and whether a value is assigned on the receipt given to the donor. Determine any action taken by the institution if its valuation of the property is less than the value claimed by the donor.

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[1]Excerpt from: Internal Revenue Service Advance Announcement 94-112, Final Examination Guidelines for Colleges and Universities, Issued August 24, 1994.

Section 342.9: Contributions to the institution/Fundraising/Debt Structure.

f. **Determine whether the institution has completed Part IV of Section B of Form 8283 for gifts of property that are claimed to be in excess of $5,000.** Determine whether the institution has filed Form 8282, Donee Information Return, for any property reported on a Form 8283 that was sold, exchanged, transferred, consumed, or otherwise disposed of within two years of the date of receipt.

g. As of January 1 1994, an institution that receives payments over $75 that are in part contributions and in part payment of goods or services ("quid pro quo contributions") must provide the donor with a written statement that the deductible contribution is limited to the excess of the amount of the payment over the value of the goods and services provided by the institution. The statement must include a good faith estimate of the value of the goods and services. IRC 6115, 6714.

h. If property was accepted subject to a mortgage, consider whether the institution has unrelated debt-financed income within the meaning of IRC 514. With certain exceptions, IRC 514(c)(9) excludes from the definition of "acquisition indebtedness" real property acquired by a Foundation described in IRC 170(b)(1)(A)(ii) and its affiliated support Foundations described in IRC 509(a)(3).

i. Review agency agreements with financial institutions for management of various funds for possible inurement of impermissible private benefit.

3. **IRC 170(1) provides that 80 percent of an amount paid by a taxpayer to or for the benefit of an educational Foundation which would be allowable as a deduction under IRC 170 but for the fact that the taxpayer receives as a result of the payment the right to purchase tickets for seating at an athletic event in the institution's stadium is allowable as a deduction.** Amounts paid for the purchase tickets are treated as separate amounts for purposes of this subsection. IRC 170(1) is an exception to the general rule that where a taxpayer receives a significant benefit in exchange for a contribution to a charity, a deduction is disallowed to the extent of the fair market value of the benefit received. See Rev. Rul. 86-63, 1986-1 C.B. 88; Rev. Rul. 67-246, 1967-2 C.B. 104. However, IRC 170(1) applies only where the benefit received is the right to purchase tickets to an athletic event at the institution's facilities, not to all other benefits received in return for the contribution. If an individual or a Foundation claims an IRC 170 deduction for a contribution to an educational institution, inquire whether the individual or Foundation is using a skybox for athletic events. IRC 170(1) applies only to payments that accord an individual or Foundation the right to purchase tickets, not the right to lease a skybox. See IRC 274(1) for the rules on the extent to which a business deduction is allowed for skybox payments.

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[2]Appraisals are usually supplied by the donor. When appraisals are not required, every effort is made to substantiate the fair market value. Our receipts acknowledge only the item being given and do not establish a value.

[3]This is done for all 8283's sent to us by the donor. 8283's are not prepared unless requested and unless the donor has first completed their sections.

4. Contributions to an institution for the purpose of acquiring or constructing college-owned housing facilities that are rented to fraternities at rates substantially equivalent to those charged for comparable housing facilities in the institution's dormitories are deductible under IRC 170. Rev. Rul. 60-367, 1960-2 C.B. 73. In order for the contribution to be deductible, it must in reality be a gift to the institution, not a gift to a fraternity using the institution as a conduit.

5. Determine whether the institution acknowledges taxpayer contributions of books that are not usable in the institutions' exempt activities (e.g., books that are outdated, damaged, or unsuitable for reading by the majority of the reading public) with statements that the books will be used in compliance with IRC 170(e)(3). A contribution is not deductible under IRC 170(e)(3) unless the books are usable in the institution's exempt activities and are used for the care of the ill, needy or infants.

6. Virtually all universities engage in financing arrangements in their normal operation. Identify all financing arrangements, including real property mortgages, equipment loans, term loans, lines of credit and other credit facilities, lease-purchase arrangements, and capital leases. Where applicable, review interest rate(s) and terms in loans agreements, promissory notes and security documents (e.g., financing statements, assignments, guaranties, indemnity agreements and pledges of securities). See the loan commitment letter and attorney's opinion letter for a summary of the transaction. Compare interest rates(s) and terms (e.g., compensating balances, lender's security, and remedies) to rates and terms available when the debt was incurred. Determine the relationship between the institution and the lender. Inquire whether the lender has any other relationship with the institution and, if so, its nature and extent. Determine whether the facts taken as a whole indicate that the lender or other party to the transaction benefits inordinately from the relationship (other than obtaining commercially reasonable interest rate and terms, for example).

7. If "qualified private activity bonds" under the IRC 103 (sometimes referred to as IRC 501(c)(3) bonds) or governmental bonds issued on behalf of a state university were used to finance new facilities, determine whether the issuance complies with IRC 141 through 150. Determine whether the financed facility is related to the university's exempt purposes. Determine the uses to which the facility is to be put. Ascertain whether any third parties will receive a direct or indirect benefit from the construction of the new facility. Contact the Key District Bond Coordinator if compliance is unclear.

IRS Issues & Answers as of 1/1/94

Donors: Written Acknowledgement of Contributions of $250 or More

Effective in 1994, Omnibus Budget Reconciliation Act of 1993 (OBRA) adds Internal Revenue Code section 170(f)(8), which denies a charitable deduction for any contribution of $250 or more unless the donor obtains a contemporaneous written acknowledgement of the contribution from the charity. Cancelled checks will no longer constitute sufficient documentation to support a charitable contribution.

The written acknowledgement must include the following:

- The amount of cash contributed.
- A description – but not the value – of any non-cash property contributed.
- Whether the charity provided any goods or services to the donor in exchange for all or part of the cash or property contributed.
- A description and good faith estimate of the value of goods and services, if goods and services are provided.
- A contemporaneous acknowledgement is one that is obtained on or before the earlier of:
- The date on which the taxpayer files a return for the taxable year in which the contribution is made; or the due date, including extensions, for filing such a return.
- The new law also requires charities to provide written disclosures about the solicitation or receipt of quid pro quo contributions that exceed $75. A quid pro quo contribution is one in which the donor's payment is made partly as a contribution and partly as consideration for goods or services.

The disclosure must:

- Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and other property contributed by the donor, over the value of the goods or services provided by the charity.
- Provide the donor with a good faith estimate of the value of such goods or services.

The disclosure must be made when the contribution is solicited or when the contribution is received. A charity that fails to make the required disclosure is subject to a penalty of $10 for each contribution for which the required disclosure is not made. The total penalty imposed for a particular fundraising event, or a mailing, shall not exceed $5,000.

An exception to the disclosure rules exists when a charity provides goods or services of *de minimis* value to a donor in connection with a contribution. This exception will be discussed in more detail later.

The quid pro quo disclosure requirement is effective for contributions made on or after January 1, 1994.

Both the donor substantiation and donee acknowledgement provisions of OBRA require a good faith estimate of the fair market value of goods and services provided by a charity. Historically the burden has been on the donor to establish that the amount of a payment exceeds the value of goods and services received. OBRA shifts the burden of establishing fair value to the charity. Unfortunately, OBRA does not provide guidance on how charities are to arrive at the value of goods and services provided.

In a 1967 ruling, Revenue Ruling 67-246, the IRS explained that “where the affair is reasonably comparable to events for which there are established charges for admission, such as theatrical or athletic performances, the established charges should be treated as fixing the fair market value of the admission or privilege”. Thus, the amount that would be paid *by the donor* for similar goods or services in a commercial setting should be used as a benchmark for disclosure purposes.

The requirement of a good faith estimate of value suggests that the process is as important as the result. Thus, the manner in which the value of benefits is arrived at should be documented by the charity.

De Minimis Benefits

In 1990, the IRS published safe harbor guidelines that permitted charities to advise donors that contributions were fully deductible when only small items or other benefits of token value were provided to the donor (Revenue Procedure 90-12 and Revenue Procedure 92-49). These rules remain in effect after OBRA.

For the *de minimis* benefit exception to apply, the payment must occur in the context of a fundraising campaign in which the charity informs donors of how much of their payment is a deductible contribution. In addition, one of the following three requirements must be met:

1. The fair market value of all of the benefits received in connection with the payment must not exceed the lesser of 2 percent of the payment of $50. The IRS has adjusted the $50 amount for inflation to $62 for 1993 and $64 for 1994.

2. The payment is $32 (for 1994), as adjusted for inflation, or more.

   The only benefits received in connection with the payment are token items (for example, bookmarks, calendars, key chains, mugs, posters, or T-shirts) that bear the Foundation’s name or logo; and

   The cost as opposed to the fair market value of all of the benefits received by a donor must in the aggregate be within the limits established for “low-cost articles” by the Internal Revenue Code, also adjusted for inflation. For 1994, the token item payment amount is $32, and the low-cost article amount is $6.40.

3. The charity mails or otherwise distributes free, unordered items to donors. Under this exception, the item received by the donor must not have been distributed at the donor’s request or with the express consent of the donor.

Any items distributed are accompanied by a request for a charitable contribution and by a statement that the donor may retain the item whether or not a contribution is made; and

The aggregate cost of the items distributed satisfies the low-cost articles limitations described in item 2(c).

Special rules also provide that newsletters or program guides will be treated as if they did not have a measurable fair market value or cost if the following criteria are satisfied:

The publication is not a "commercial-quality publication" (in general, commercial-quality publications include professional journals or publications that contain articles written for compensation or that accept advertising).

The primary purpose of the publication is to inform members about the activities of the Foundation; and

The publication is not available to nonmembers by paid subscription or through newsstand sales.

If the goods and services furnished by the charity are of *de minimis* value, the solicitation material or written acknowledgement should include the following statement: "Under Internal Revenue Service guidelines the estimated value of (the benefits received) is not substantial; therefore, the full amount of your payment is a deductible contribution.

IRS Substantiation Clarification

After the issuance of the aforementioned substantiation rules, the IRS issued documents clarifying some of their positions. The following are excerpts from those clarification issued in the summer of 1995.

(Federal Register: May 27, 1994)

Substantiation Requirement of Certain Contributions

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) relating to the substantiation requirement for the deduction of certain charitable contributions under section 170(f)(8) of the Internal Revenue Code. Section 170(f)(8) was added by section 13172 of the Omnibus Budget Reconciliation Act of 1993.

Need for Temporary Regulations

The provisions contained in this Treasury decision are needed immediately to provide guidance to the public with respect to the application of the substantiation requirement of section 170(f)(8). Therefore, it is found impracticable and contrary to the public interest to issue this Treasury decision with prior notice under section 553(b) of title 5 of the United States Code.

Explanation of Provisions

Section 170 allows a deduction for contributions to or for the use of certain specified Foundations, including those organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes. To be deductible under section 170 of the Code, a payment to or for the use of a qualified Foundation must be a gift – that is, a payment of money or transfer of property without adequate consideration. Rev. Rul. 67-246, 1967-2 C.B. 104. Thus, if a taxpayer receives goods or services from the Foundation in consideration for a payment, the taxpayer may not deduct as a charitable contribution more than the excess of the amount paid over the value of the consideration received. The service has determined, however, that is a taxpayer receives only certain inconsequential or insubstantial benefits in consideration for a payment to a qualified Foundation, the taxpayer may deduct the entire payment as a charitable contribution.

Section 170(f)(8) disallows a deduction for any contribution of $250 or more that is not substantiated by a written acknowledgement from the donee Foundation. The acknowledgement must provide information regarding (a) the money or other property contributed, and (b) any goods or services provided by the donee Foundation in whole or partial consideration for the contributed money or other property.

Section 170(f)(8) is a compliance provision, intended to facilitate the enforcement of the substantive requirements for a deduction under section 170. The compliance purpose of section 170(f)(8) does not require that an acknowledgement refer to goods or services provided by a donee Foundation to a donor if the provision of goods or services does not affect the amount that the donor is entitled to deduct as a charitable contribution. Therefore, the temporary regulations provide that goods or services given in return for a contribution need not be taken into account for purposes of section 170(f)(8), if the goods or services have insubstantial value under the guidelines provided in Rev. Procs. 90-12 and 92-49 (and any successor documents).

Some donee Foundations receive contributions through arrangements in which employers withhold amounts from the wages of their employees in accordance with pledges made by the employees and pay the withheld amounts to the donee Foundations. Donee Foundations that use these arrangements may not know the identity of the contributing employees or the amounts contributed by each employee. Therefore, these donee Foundations may face difficulty in preparing the acknowledgements contemplated by section 170(f)(8).

Accordingly, the temporary regulations also provide special rules for contributions made by payroll deduction. The special rules allow taxpayers to substantiate contributions made by payroll deduction by a combination of two documents: (a) a document furnished by the taxpayer’s employer that evidences the amount withheld from the taxpayer’s wages, and (b) a document prepared by the donee Foundation that states that the Foundation does not provide goods or services as whole or partial consideration for any contributions made by payroll deduction.

The special rules for contributions made by payroll deduction, like the underlying statutory provisions, do not require that the document prepared by the donee Foundation take any particular form. Similarly, although donors must obtain the document in time to meet the “contemporaneous” requirement of the statute (generally, by the time they file the relevant tax return), the rules do not require the donee Foundation to prepare the document at any particular time. Therefore, if a donee Foundation includes the statement contemplated by the rules on a pledge card prepared to solicit contributions in 1995, a donor who receives the card before timely filing the donor’s 1994 tax return could use the card to substantiate contributions made in 1994.

The temporary regulations also provide that, for purposes of applying the $250 threshold provided in section 170(f)(8) to contributions made by payroll deduction, the amount withheld from each paycheck is treated as a separate contribution. Thus, the substantiation requirement of section 170(f)(8) will not apply to contributions made by payroll deduction unless the employer deducts $250 or more from a single paycheck for the purpose of payment to a donee Foundation.

(Federal Register: August 4, 1995)

Deductibility, Substantiation, and Disclosure of Certain Charitable Contributions

SUMMARY: This document contains proposed regulations that provide guidance regarding the allowance of certain charitable contribution deductions, the substantiation requirements for charitable contributions in excess of $75. The proposed regulations will affect Foundations described in section 170(c) and individuals and entities that make payments to those Foundations.

Deductibility of a Payment in Exchange for Consideration

In United States v. American Bar Endowment, 477 U.S. 105 (1986), the Supreme Court set forth a two-part test for determining whether a payment that is partly in consideration for goods or services is deductible under section 170(a). First, a payment to a Foundation described in section 170(c) is deductible only if, and to the extent that, the payment exceeds the fair market value of the goods or services received in return and must actually made a payment in an amount that exceeds that fair market value.
The proposed regulations adopt this two-part test for determining whether a payment is deductible under section 170(a). Specifically, the regulations provide that, in order for a charitable contribution deduction to be allowed, a taxpayer must intend to make a payment in an amount that exceeds the fair market value of the goods or services received in return, and must actually make a payment in an amount that exceeds that fair market value.

Certain Goods or Services Disregarded

Under current law, a taxpayer who receives membership benefits in return for a payment to a Foundation described in section 170(c) may not claim a charitable contribution deduction for more than the amount by which the payment exceeds the reasonable value of the membership benefits. United States v. American Bar Endowment, 477 U.S. 105 (1986). Accordingly, taxpayers and donee Foundations must determine the fair market value of any membership benefits the donee Foundation provides to its donors.

It is often difficult to value membership benefits, especially rights or privileges that are not limited as to use, such as free or discounted admission or parking, and gift shop discounts. In the course of preparing these proposed regulations, the IRS and the Treasury Department have considered the extent of the difficulty of valuation and have concluded that it is appropriate to provide limited relief with respect to certain types of customary membership benefits while preserving the IRS's ability to administer the law fairly and consistently. Accordingly, the proposed regulations provide that both the donee Foundation and the donor may disregard certain membership benefits when they are provided in return for a payment to the Foundation. Section 1.170A-13T(a) already allows donors and donee Foundations to disregard goods or services that are treated as having insubstantial value under existing IRS guidelines. The guidelines cover low-cost articles (items costing $6.60 or less for 1995), newsletters that are not commercial quality publications, and benefits worth 2% or less of a payment, up to a maximum of $66 for 1995. The substance of this section has been incorporated into section 1.170A-13(f)(8)(I). Under the proposed regulations, other benefits may be disregarded only if they are given as part of an annual membership offered in return for a payment of $75 or less and fall into one of two categories. The first category is admission to events that are open only to members and for which the donee Foundation reasonable projects that the cost per person (excluding allocable overhead) for each event will be less than or equal to the standard for low-cost articles under section 513(h)(2)(C) (6.60 for 1995). An example is a modest reception where light refreshments are served to members of a donee Foundation before an event. The second category is rights or privileges that members can exercise frequently during the membership period. An example is free admission to a museum.

The items described in the previous two paragraphs may be disregarded for purposes of determining whether the taxpayer has made a charitable contribution, the amount of any charitable contribution that has been made, and whether any goods or services have been provided that must be substantiated under section 170(f)(8) or disclosed under section 6115. Thus, the effect of these provisions is broader than that of the temporary regulations, which provided less comprehensive relief and then only for items of insubstantial value.

Goods or Services Provided to Donor's Employees

The proposed regulations also contain relief where Foundations provide goods or services to the employees of their donors. Goods or services that may be disregarded for the purposes specified above when provided directly to a donor may also be disregarded for the same purposes specified above when provided directly to a donor may also be disregarded for the same purposes when provided to a donor's employees.

Any other goods or services provided to the donor's employees must be taken into account for purposes of calculating any charitable contribution the donor claims as a deduction. If a contemporaneous written acknowledgement of the donor's contribution is required under section 170(f)(8), it must include a description of these goods or services. However, the proposed regulations provide that the contemporaneous written acknowledgement may omit the otherwise required good faith estimate of the value of these goods or services; similarly, the proposed regulations provide that a written disclosure statement required by section 6115 for a payment made in exchange for these goods or services may include a description of them in lieu of the otherwise required good faith estimate of their value.

Good Faith Estimate

For purpose of sections 170 and 6115, the proposed regulations define a good faith estimate of the value of goods or services provided by a Foundation described in section 170(c) as an estimate of the fair market value of those goods or services. The fair market value of goods or services may differ from their cost to the donee Foundation. The Foundation may use any reasonable methodology that it applies in good faith in making the good faith estimate. However, a taxpayer is not required to determine how the donee Foundation made the estimate.

The proposed regulations further provide that a donee Foundation may make a good faith estimate of the value of goods or services that are not available in a commercial transaction by reference to the fair market value of similar or comparable goods or services. Goods or services may be similar or comparable even though they do not have the unique qualities of the goods or services that are being valued.

Reliance on Donee Estimates

The proposed regulations provide that a taxpayer generally may treat an estimate of the value of goods or services as the fair market value for purposes of section 170(a) if the estimate is in a contemporaneous written acknowledgement (as required by section 170(f)(8)) or a written disclosure statement (as required by section 6115). Thus, a taxpayer that makes a payment to a Foundation described in section 170(c) and receives an item in return generally may rely on the Foundation's estimate of the value of the item in calculating its charitable contribution deduction if the estimate is included in a contemporaneous written acknowledgement or a written disclosure statement.

However, a taxpayer may not treat an estimate as the fair market value of the goods or services if the taxpayer knows, or has reason to know, that such treatment is unreasonable. For example, if the taxpayer is a dealer in the type of goods or services it receives from a Foundation described in section 170(c), or if the goods or services are readily valued, it is unreasonable for the taxpayer to treat the donee Foundation's estimate as the fair market value of the goods or services if that estimate is in error and the taxpayer knows, or has reason to know, the fair market value of the goods or services.

An estimate of the value of goods or services in a contemporaneous written acknowledgement or written disclosure statement is not in error if the estimate is within the typical range of retail prices for the goods or services. For example, if a Foundation provides a book in exchange for a $100 payment, and the book is sold at retail prices ranging from $18 to $25, the taxpayer may rely on any estimate of the Foundation that is within the $18 to $25 range.

Matching Gifts

1. Matching gift programs are not conditional grant programs designed to fulfill certain purposes. Your institution, in soliciting a matching gift by filling out an appropriate form, should be signifying that you understand the conditions of the program and, to the best of your knowledge, the request being submitted fulfills those conditions.

   You should designate one officer to be responsible for administration of all donor contributions for matching and company matching gifts. This officer should:

   a) Review and verify all donor contributions for which matching gifts are to be requested, *before they are requested,* to ensure that they conform to the guidelines for donations to your institution and the relevant company matching gift program; any apparent questions should be resolved by appropriate inquiries before a matching gift is requested.

   b) Maintain records of donor contributions and matching gifts under auditing control in such manner that there is a clear record of the individual contribution, the related company gift and compliance with the company's matching gift program guidelines.

   c) Sign and transmit all matching gift requests, thereby certifying review of donor gifts.

   d) Be available for questions concerning transactions and communicate with donor and matching gift company as appropriate in confirming transactions.

2. In order to record a matching claim, three criteria must be met. First, there must be a "MATCHING COMPANY" record (Employment record) between the donor and the matching entity. Second, the matching entity **must** have a "Y" indicated in the "Matching" field on Profile 2 screen indicating that it has an active matching program. Third, the donor **must** have a corresponding "Y" on their business affiliation record. This is automatically done when the relationship is established but can be overridden.

3. The Matching Gifts officer is responsible for ensuring that all Foundation matching program information is current and properly maintained. Only this person should perform any modifications to this information. In the absence of the officer, recommended changes should be brought to the attention of the Foundation President.

Methods of Payment

METHODS OF GIVING

The standard method of contributing (mailing a check or delivering cash) is not the only form of payment mechanism. On this, and following pages, other payment mechanisms will be described.

Foreign Currency

Foreign currency, US dollars drawn on foreign banks, and foreign "dollars" may all be submitted and treated as gifts. The internal procedures vary depending on the nature of the item submitted for processing, but the result is the same. The donor will receive credit in US dollars for the amount the gift is valued at, based on current exchange rates, as of the day of receipt.

You may incur what can amount to substantial bank fees to process these gifts. Foreign currency/checks drawn on foreign banks are assessed a $50/item handling fee. US currency items drawn on foreign banks will be assessed fees ranging from $2 to $35. For this reason, we should discourage a donor from sending a gift that is not in US denomination and drawn on a US bank.

Payroll Deduction

Employees are eligible to make charitable contributions via payroll deduction. If they are interested, the employee should contact the Advancement office to set up a recurring deduction. The deductions occur every month for a predetermined static amount. The amount can be changed, and the deduction can be stopped at any time by contacting the Advancement office. Annual Fund deductions are set up to last for the duration of the fiscal year. All other gifts can be established for any duration. When an employee has satisfied their pledge, they are automatically contacted by the Advancement office and asked if they would like to continue with a new pledge.

Bank Drafts

A donor may elect to have the Advancement office electronically debit their checking or savings account regardless of where they bank. These drafts are established for indefinite periods and may only be stopped when the Advancement office receives a written request from the donor. If a donor is interested in this program, they should be referred to the Advancement office.

Credit Cards

Visa, Master Card and Discover are credit cards that can be used to initiate a gift. The Advancement office must be provided with the name as it appears on the credit card, the credit card number and expiration date, and an amount to process this type of gift. It is not necessary to be in possession of the credit card. Extreme care must be taken in delivering credit card information to the Advancement office. We must be careful to ensure that the credit card information does not fall into the wrong hands.

Wire Transfers

A donor may wish to initiate a wire transfer to facilitate a gift. This can be expected for large sums of money and particularly at the end of the calendar and fiscal years. The process is very straight forward.

Non-Cash Gifts

Gifts of Non-Monetary Items

Gifts of non-monetary items generally can be regarded in one of four ways with only the Gift-In-kind category being eligible for counting in fundraising totals:

Gifts-In-Kind	Donated tangible and intangible assets and property such as real estate, notes, mortgages, limited partnership interests, royalty or copyright interests, art, books, equipment, automobiles, inventory, personal property, and other physical assets or materials which represent value. See the following Gift Acceptance Policy for Additional specifics.
Out of Pocket Expenses	Payments made by a donor to a vendor for material or services. This includes un-reimbursed expenses paid by a person while volunteering. For example, the expenses incurred by a donor sponsoring a dinner party to promote the Foundation, is such a gift.
Services	This term includes professional or personal services or time which are freely given and which easily can be valued by their usual market cost. Gifts or services may be recognized by the Foundation but are generally **not recognized by the IRS as being tax deductible.** Examples of gifts of services are the donation of broadcast time by a radio station or legal services by an attorney.
Limited Use of Private Property	The right to rent-free use of a home, office, piece of equipment or commercial property owned by a donor for a specific event for a specific period of time. Such gifts are only occasionally recognized by the Foundation but are generally **not recognized by the IRS as being tax deductible.** Examples include the rent-free use of office space, or the rent-free use of a vacation home to host an event.

Typically, the only non-monetary gift considered for gift recognition purposes is the above referenced gift-in-kind. Gifts-in-kind must be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift. Consideration should be given to the cost of maintenance, cataloging, delivery, insurance, display, and any space requirements for exhibiting or storage. **All gifts of real estate or unusual items of questionable value must be presented to and approved by the Advancement office/Foundation Committee prior to acceptance.**

Gifts-in-Kind

a) Donative Sales of Gifts-in-Kind: When someone offers a donative sale of art objects, books, equipment, etc., for use, the offer must be referred to the Advancement office for legal counsel on the transaction.

b) Delivery of Gifts-in-Kind: Arrangements will be made during preliminary discussions or correspondence about delivery of gifts-in-kind directly to the NTCC Foundation or to any department. Arrangements also include agreement with the donor regarding costs of packing, freight charges, etc., usually the responsibility of the donor.

c) Charitable Value of Gifts-in-Kind: The NTCC Foundation cannot establish monetary value for gifts-in-kind according to Internal Revenue Service. The donor, if a value is needed for income tax purposes, must contract with a qualified as well as independent third party as official appraiser who will certify in writing the commercial value of the object(s) given. All gifts-in-kind are regularly reported to the NTCC Foundation's administration and are officially acknowledged in the same manner as cash or other contributions, except that no dollar value is recorded.

- **Refer to IRS Form 8283 (See p. 74-75)**

Visit WWW.IRS.GOV for more information on charitable organizations and substantiating non-cash contributions.

Other

Conflict of Interest Resolution: It is the purpose of this resolution that the NTCC Foundation protect its members from any conflict of interest of its Board of Directors, realizing that a position on the Board of Directors is voluntary and that conflicts may occur, from time to time, with business and personal commitments.

Now therefore, in recognition of this purpose, the Board of Directors resolves as follows:

1. In the event that any Director or the Director's firm or client shall derive a financial benefit from any decision being voted upon by the Board, the Director shall disclose the nature of the benefit and abstain from voting thereon. To the extent that benefit involves the purchase of goods or services by the NTCC Foundation, the Board shall determine whether to seek alternative bids and place that decision in the minutes.

2. In the event that any Director shall take a personal or business position, which is contrary to the position or welfare of the NTCC Foundation, the Director shall disclose the nature of this conflict and tender his or her resignation. The Board will decide whether to (a) accept the resignation, or (b) reject the resignation, or (c) place the Director on a leave of absence until the conflict is resolved.

3. In the event that any Director shall take a personal or business position, which is contrary to the position or welfare of the NTCC Foundation, and in the event that the Director is unable to disclose the nature of the conflict, the Director shall tender his or her resignation on the grounds of conflict of interest. The Board shall accept the resignation; provided, if it is represented that the conflict is expected to be resolved within a reasonable period of time, the Board may reject the resignation and place the Director on a leave of absence until the conflict is resolved.

Finder's Fees: The NTCC Foundation DOES NOT accept finder's fees.

Commission Fundraising: The NTCC Foundation DOES NOT pay a commission for fundraising.

Donor Designation: Donors may designate gifts to the NTCC Foundation.

Right of Refusal: The NTCC Foundation does maintain the right to refuse a gift which, in the eyes of the administration and Board of Directors, is not in keeping with our mission or purpose of the NTCC Foundation.

Form **8283** (Rev. November 2022) Department of the Treasury Internal Revenue Service

Noncash Charitable Contributions

Attach one or more Forms 8283 to your tax return if you claimed a total deduction of over $500 for all contributed property.

Go to www.irs.gov/Form8283 for instructions and the latest information.

OMB No. 1545-0074

Attachment Sequence No. 155

Name(s) shown on your income tax return | **Identifying number**

Note: Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of $5,000 or Less and Publicly Traded Securities—List in this section **only** an item (or a group of similar items) for which you claimed a deduction of $5,000 or less. Also list publicly traded securities and certain other property even if the deduction is more than $5,000. See instructions.

Part I Information on Donated Property—If you need more space, attach a statement.

1	(a) Name and address of the donee organization	(b) If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached).	(c) Description and condition of donated property (For a vehicle, enter the year, make, model, and mileage. For securities and other property, see instructions.)
A		☐	
B		☐	
C		☐	
D		☐	
E		☐	

Note: If the amount you claimed as a deduction for an item is $500 or less, you do not have to complete columns (e), (f), and (g).

	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	(i) Method used to determine the fair market value
A						
B						
C						
D						
E						

Section B. Donated Property Over $5,000 (Except Publicly Traded Securities, Vehicles, Intellectual Property or Inventory Reportable in Section A)—Complete this section for one item (or a group of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions reportable in Section A). Provide a separate form for each item donated unless it is part of a group of similar items. A qualified appraisal is generally required for items reportable in Section B. See instructions.

Part I Information on Donated Property

2 Check the box that describes the type of property donated.

- **a** ☐ Art* (contribution of $20,000 or more)
- **b** ☐ Qualified Conservation Contribution
- **c** ☐ Equipment
- **d** ☐ Art* (contribution of less than $20,000)
- **e** ☐ Other Real Estate
- **f** ☐ Securities
- **g** ☐ Collectibles**
- **h** ☐ Intellectual Property
- **i** ☐ Vehicles
- **j** ☐ Clothing and household items
- **k** ☐ Other

* Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

** Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note: In certain cases, you must attach a qualified appraisal of the property. See instructions.

3	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If any tangible personal property or real property was donated, give a brief summary of the overall physical condition of the property at the time of the gift.	(c) Appraised fair market value
A			
B			
C			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	(h) Amount claimed as a deduction (see instructions)	(i) Date of contribution (see instructions)
A						
B						
C						

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 62299J Form **8283** (Rev. 11-2022)

Name(s) shown on your income tax return | **Identifying number**

Part II Partial Interests and Restricted Use Property (Other Than Qualified Conservation Contributions)—

Complete lines 4a through 4e if you gave less than an entire interest in a property listed in Section B, Part I. Complete lines 5a through 5c if conditions were placed on a contribution listed in Section B, Part I; also attach the required statement. See instructions.

4a Enter the letter from Section B, Part I that identifies the property for which you gave less than an entire interest ______
If Section B, Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Section B, Part I: **(1)** For this tax year . . . ______
(2) For any prior tax years . ______

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization in Section B, Part V, below):
Name of charitable organization (donee)

Address (number, street, and room or suite no.) | City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept ______

e Name of any person, other than the donee organization, having actual possession of the property ______

		Yes	No
5a	Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?		
b	Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?		
c	Is there a restriction limiting the donated property for a particular use?		

Part III Taxpayer (Donor) Statement—List each item included in Section B, Part I above that the appraisal identifies as having a value of $500 or less. See instructions.

I declare that the following item(s) included in Section B, Part I above has to the best of my knowledge and belief an appraised value of not more than $500 (per item). Enter identifying letter from Section B, Part I and describe the specific item. See instructions.

Signature of taxpayer (donor) | Date

Part IV Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c).

Sign Here
Appraiser signature | Date
Appraiser name | Title

Business address (including room or suite no.) | **Identifying number**

City or town, state, and ZIP code

Part V Donee Acknowledgment

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ______

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? . . . . ☐ **Yes** ☐ **No**

Name of charitable organization (donee)	**Employer identification number**	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date

Planned Gifts

PLANNED GIVING OPTIONS/DEFINITIONS

The Advancement office may be asked to record various types of planned gifts, provide a description of the nature of such a gift, or explain how various types of planned gifts should be recorded by us and/or handled for tax purposes.

BEQUESTS:

The most common and simplest form of planned giving is a bequest, which is is a gift of property made through a donor's will.

Benefits to Donors: Donors do not have to part with any money until they die, and do not owe any estate tax on the amount of the bequest.

CHARITABLE REMAINDER TRUSTS:

Two basic types of charitable remainder trusts qualify for federal tax benefits. In both arrangements, a donor gives stock, cash, or other assets to a trust. Those assets are invested; producing income for the donor—or other beneficiary—either for a fixed period of time or until the donor dies. The donor is allowed to claim a tax deduction for the estimated portion of the assets that will ultimately go to charity. When the donor dies, the charity keeps all remaining assets.

Two types of remainder trusts:

Unitrusts: Under a basic unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the value of the asset. The value is assessed each year. Under a net-income unitrust, the donor receives only the income earned by the trust, even if the trust earns less than the payout rate. However, the trust can be set up to include a "make-up provision," which allows donors to make up the lost income, provided the trust earns more than the payout rate in future years.

Annuity Trusts: The donor receives a yearly fixed payment equaling at least 5 per cent of the value of the asset at the time the deferred-giving agreement was signed.

Charitable remainder trusts are commonly used by people who want to give real estate. Real estate is not usually given through gift annuities and cannot be given to pooled-income funds.

Benefits to Donors: Donors can get income-tax deductions and escape capital-gains taxes by making such gifts. Many donors find the trusts an appealing way to prepare for retirement. The assets can be invested to earn a lower rate of return when the donor is younger and then shifted to earn a higher rate of return, and thus provide more income, during a donor's later years.

GIFT ANNUITIES:

Donors contribute cash, securities, or other assets to a charity. In exchange, they receive annual payments for a fixed amount of time. With a deferred gift annuity, the annual payments do not start when the gift is made; they begin at a time specified by the donor when the gift is made.

Benefits to Donors: Gift annuities are attractive to donors who want to receive income from assets that have risen sharply in value, such as cash or stocks. In return for gifts of such assets, the charity guarantees the donors a fixed annual income for the rest of their lives and helps the donor avoid capital-gains tax. The donor also gets an income-tax break on a portion of the earnings from an annuity; the exact amount depends on a donor's age.

POOLED-INCOME FUNDS:

The donor gives cash, securities, or other assets to a non-profit Foundation, which then invests those assets in a large, diversified portfolio. The donor receives income from the fund proportionate to the value of his or her contribution, as well as an income-tax deduction based on the estimated principal that will be left to the charity. Obtaining a "unit" in a pooled-income fund is similar to buying a share of a mutual fund.

Benefits to Donors: Like gift annuities, pooled-income funds appeal to donors who want to earn income from stock and other assets and escape capital-gains taxes. Unlike annuities, a donor's income from a pooled-income fund is tied to fluctuating interest rates. That means that in the long run, donors may receive larger earnings that they do from annuities, but they can also do less well in the short term. As a result, the funds tend to appeal to younger people who are often more willing to take risks with their investments.

CHARITABLE LEAD TRUSTS:

A charity receives the income from the donor's assets for a specified time, after which the asset is transferred back to the donor or to the donor's heirs.

Benefits to Donors: A lead trust can reduce gift and estate taxes or provide a charitable deduction for the donor.

Charitable lead trusts are most appealing to wealthy donors who want to pass appreciated assets to their heirs without paying a substantial amount in taxes. The donor pays a gift tax on the asset when it is placed into the trust; after that it can grow tax-free. At the end of a specified period, the asset is returned to the donor's heir or heirs, who do not have to pay any additional taxes.

PLANNED GIFTS POLICY

In an effort to maintain continuity and consistency with planned gifts, the following policy has been established.

1. Gifts Governed by This Policy. All planned or deferred gifts which are managed by the Foundation or its agent, including but not limited to the following:

   a) gifts establishing charitable remainder trusts

   b) gifts to the pooled income funds

   c) gifts purchasing charitable gift annuities

   d) gifts funding charitable lead trusts

2. Gifts Not Governed by This Policy: Deferred gifts which do not require management; for example, gifts of personal residences or farms with retained life estate in donor and planned gifts which are managed by trustees other than the Foundation.

3. Trusteeship: The Foundation will serve as sole trustee of any deferred gift in which the Foundation's interest equals at least 51% of the total charitable interests.

4. Payout Rates: The payout rates offered to donors shall be competitive.

5. Applicable Restrictions:

   a) Value of Remainder: no deferred gift (except for deferred gift annuities) shall be accepted in which the value of the remainder interest is less than twenty-five percent (25%) of value of the assets transferred.

   b) Minimum Gift Amounts:

      1) Charitable remainder trusts: $10,000

      2) Pooled income fund gifts:

         (I) initial gift - $5,000

         (II) additional gifts - $1,000

      3) Charitable gift annuities: $10,000

      4) Charitable lead trusts: $50,000

6. <u>Acceptable Gift Assets</u>: The Foundation will accept the following assets:

    a) money

    b) publicly traded securities

    c) real estate (subject to approval of the Foundation); and

    d) other assets (subject to approval of the Foundation) such as closely held stock and partnership interest

7. <u>Valuation of Gift Assets</u>: The Foundation will follow the applicable federal tax law.

8. <u>Final Approval, Acceptance, and Execution by the Foundation</u>:

    a) All documents must be approved by the Advancement office.

    b) All documents must be sent to the donor for signature prior to the Advancement office.

    c) The President/CEO shall execute the documents on behalf of the Foundation. In his absence, any senior officer may execute these documents; and

    d) the documents shall be executed in duplicate and the originals distributed as follows:

        1) one original to donor; and

        2) one original to the Business office; with

        3) copies to the Advancement office

9. <u>Effective Date</u>: This policy shall become effective February 19, 2002, and will supersede any existing policy which might cover the subject matter of this policy.

10. <u>Note</u>: Exceptions to this policy must be approved in writing by the Foundation Committee.

Pledges

Pledges are only to be recorded when full payment is expected at some point in the future. There must be some document from the donor outlining the pledge agreement. (Pledges made by official telethon are exempted from this requirement). Financial Accounting Standards Board statement FAS116 requires non-profit Foundations to regard pledges in much the same manner as accounts receivable. As such we must have a very good understanding of the donor’s payment intention/schedule so that future anticipated payments can be value-dated. Furthermore, there must be proof that pledges are in good standing. Pledges not in good standing, for which there is no amplifying correspondence with the donor outlining revised payment terms, are subject to direct investigation by our auditors. If full payment is received at the same time a “pledge” is made, no pledge record should be created.

Pledges **can be** over-paid. In other words, if the final payment against a pledge will cause the sum of all payments to exceed the original pledged amount, Poise will accept the payment without requiring a modification to the pledged amount. This situation will most likely occur when the payment is made by a gift of securities. If, however, the donor specifically indicates they are increasing their pledge, the pledge record must be modified and, if necessary, rescheduled. On the other hand, if the donor indicates they wish to establish a new pledge with the excess payment, a new pledge record must be created, and the payment split accordingly.

Modifying Gifts and Pledges

There is only one requirement for recording a gift. The actual gift must be in the hand! There are, however, a few circumstances under which we can record a pledge or modify an existing pledge or gift. For purposes of the discussion below, only legal (gifts made by the donor), as opposed to soft (gifts made on behalf of the donor), pledges and gifts are being considered.

Pledges may be recorded:

When obtained through an authorized telethon and submitted to the Advancement office.

When instructed in writing by the donor, the Advancement office having a copy of the pledge document. Signed endowment agreements satisfy this requirement.

When the donor makes a verbal commitment to a member of the Foundation or Advancement office who confirms his or her understanding of the pledge by a letter to the donor. The Advancement office must have a copy of this correspondence. Memos to “file” or internal memoranda to the Advancement office are not sufficient.

Under no circumstances may an existing pledge or payment be modified without the Advancement office having written documentation. This may come in the form of a letter from the donor or a letter to the donor from a member of the Advancement office staff. The only exceptions to this rule are the yearly write-offs of Annual Fund pledges, corrections of errors made by the Advancement office, and personal contact by the donor.

Soft pledge and gift amounts can be modified as long as the request is in writing.

Policies for the Foundation Office

The purpose of the Advancement office is to manage all fundraising activities. This department has responsibility for coordination of all foundation work and the management of office operations to support fundraising.

1. Active Foundation Work: Most fundraising is organized through annual giving, capital campaigns and estate planning activities. Director-led committees, with other volunteers, perform these efforts and are coordinated by the Advancement office to seek gift income for approved projects of priority throughout the year.

2. Donor Relations and Communications: Active contact with all who support the Foundation must be maintained. Communications include information about the Foundation and staff activity, in addition to reports on Foundation progress. All communications with donors shall be coordinated by the Advancement office.

3. Services to Advancement Staff: Personnel in the Advancement office are available to administrative and department staff for professional assistance on projects appropriate for fundraising. Prospect research, proposal writing, prospect clearance, active solicitation, etc., are duties the Advancement staff will perform. Only Foundation projects with priority can command use of the Advancement office budget for fundraising.

4. Gift Reports, Donor Record Files: Regular reports of gift income (by source and purpose) will be prepared and circulated. Pledge records and billing will be conducted. Permanent donor records will be maintained and include gift history and all correspondence relating to gifts and pledges. Research information on donors and prospects will be performed with sensitive personal data kept in confidence by the Advancement staff.

Principles and Ethics

NSFRE'S Code of Ethics

NATIONAL SOCIETY OF FUNDRAISING EXECUTIVES
CODE OF ETHICAL PRINCIPALS AND
STANDARDS OF PROFESSIONAL PRACTICE

Statements of Ethical Principals
Adopted November 1, 1991

The National Society of Fundraising Executives exists to foster the development and growth of fundraising professionals and the profession, to preserve and enhance philanthropy and volunteerism, and to promote high ethical standards in the fundraising profession.

To these ends, this code declares the ethical values and standards of professional practice which NSFRE members embrace and which they strive to uphold in their responsibilities for generating philanthropic support.

Members of the National Fundraising Executives are motivated by an inner drive to improve the quality of life through the causes they serve. They seek to inspire others through their own sense of dedication and high purpose. They are committed to the improvement of their professional knowledge and skills in order that their performance will better serve others. They recognize their stewardship responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled. Such individuals practice their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust.

Furthermore, NSFRE members;

- preserve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism, and hold stewardship of these concepts as the overriding principal of professional life.
- put charitable mission above personal gain, accepting compensation by salary or set fee only.
- foster cultural diversity and pluralistic values and treat all people with dignity and respect.
- affirm, through personal giving, a commitment to philanthropy and its role in society.
- adhere to the spirit as well as the letter of all applicable laws and regulations.
- bring credit to the fundraising profession by their public demeanor.
- recognize their individual boundaries of competence and are forthcoming about their professional qualifications and credentials.
- value the privacy, freedom of choice, and interests of all those affected by their actions.
- disclose all relationships which might constitute, or appear to constitute, conflicts of interest.
- actively encourage all their colleagues to embrace and practice these ethical principles.
- adhere to the following standards of professional practice in their responsibilities for generating philanthropic support.

Standard of Professional Practice
Adapted November 1992

1. Members shall act according to the high standards and visions of their institution, profession and conscience.
2. Members shall avoid even the appearance of any criminal offense or professional misconduct.
3. Members shall be responsible for advocating, within their own organizations, adherence to all applicable laws and regulations.
4. Members shall work for a salary or fee, not percentage-based compensation or a commission.
5. Members may accept performance-based compensation, such as bonuses, provided that such bonuses are in accordance with prevailing practices within the members' own organizations and are not based on a percentage of philanthropic funds raised.
6. Members shall not pay, seek or accept finder's fees, commissions, or percentage-based compensation for obtaining philanthropic funds and shall, to the best of their ability, discourage their organization from making such payments.
7. Members shall effectively disclose all conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
8. Members shall accurately state their professional experience, qualifications, and expertise.
9. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an institution is the property of that institution and shall not be transferred or utilized, except on behalf of that institution.
10. Members shall, on a scheduled basis, give donors the opportunity to have their names removed from lists that are sold to, rented to, or exchanged with other organizations.
11. Members shall not disclose privileged information to unauthorized parties.
12. Members shall keep constituent information confidential.
13. Members shall take care to ensure that all solicitation materials are accurate and correctly reflect the organization's mission and use of solicited funds.
14. Members shall, to the best of their ability, ensure that contributions are used in accordance with donors' intentions.
15. Members shall ensure, to the best of their ability, proper stewardship of charitable contributions, including timely reporting on the use and management of funds and explicit consent by the donor before altering the conditions of a gift.
16. Members shall ensure, to the best of their ability, that donors receive informed and ethical advice about the value and tax implications of potential gifts.
17. Members' actions shall reflect concern for the interests and well-being of individuals affected by those actions. Members shall not exploit any relationship with a donor, prospect, volunteer, or employee to the benefit of the member or the member's organization.
18. In stating fundraising results, members shall use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the American Institute of Certified Public Accountants (AICPA) for the type of institution involved.
19. All of the above notwithstanding, members shall comply with all applicable local, state, provincial and federal civil and criminal laws.

Privacy/Confidentiality

PRIVACY POLICY

Statement of Purpose:

The NTCC Foundation maintains a database of biographical and gift/pledge information about the Foundation and friends in accordance with the general needs and expectations of the community. The information contained in this database is intended exclusively for purposes related to the Foundation's programs.

It is our desire to support the ongoing activities of the Foundation by providing assistance for programs, communications, and events, which bring together donors and friends of the organization. In order to provide the best possible service to those with legitimate needs for such information, and at the same time maintain the confidentiality of the information entrusted to us by our donors, the following policies have been developed. These policies have been approved by the Board of Directors and the Board of Trustees and will apply to every request for information.

Statement of Information Release Policies:

1. The following may request information from the database:

   - Affiliated Foundations and constituent groups, in support of approved activities (see lists of approved activities below). Those Foundations and constituent groups include but are not limited to:

     1) Advancement office
     2) Administrative officers
     3) Central Administration

   In cases of dispute about whether a Foundation has a legitimate affiliation with the Foundation, the final decision will rest with the Advancement Office.

   - Law enforcement agencies.

   - Agencies that assist the Foundation in locating lost donors (e.g., USPS Locator Service).

   - Upon establishing their status in our system by providing their social security number or other identifying fact(s), individuals may request public information for up to three individuals. Requests for public information for more than three individuals must be made in writing, stating the reason for the requested information. Staff may, at any time, require a written request from any individual if they feel unsure about the request. A fee may be imposed for extraordinary research, programming, or materials charges.

All requests from anyone else seeking information on another person will be forwarded to that person so that he/she can decide whether or not to contact the requestor. No information will be released for those records coded “No Contact” indicating the donor has requested no contact.

All requests for information from members of the media must be referred to the Advancement office or similar professional office.

2. Following is information that may be released from the Poise database:

   Information available for release is confined to “public information” which is limited to:

   - Full Name
   - Address and telephone number
   - Employer address and telephone number
   - E-mail address
   - Fax number(s)

3. Formats available for distribution of information.

   Information may be obtained in the form of lists, labels, computer tapes, diskettes, and downloads by authorized Foundation representatives in support of approved activities. It is the responsibility of the unit requesting information to maintain the absolute confidentiality of that information as specified in this policy statement.

4. Compliance with the above policy.

   Failure to abide by any of the policies stated within this document may result in denial of access to information contained in the Poise database. Request for re-instatement of access to this information must be approved by the Senior Foundation Officer or his designee and must include written assurance of future compliance with these policies.

Recognition/Naming Opportunities

Our goal is to send acknowledgements to a donor within 24 hours of receipt of the check. The receipt shows the donor's name and address, value of the contribution, the fund name, and any tribute information. For non-cash gifts, a description of the donation is printed instead of a gift amount. Letters are sent for gifts of higher amounts. As of January 1, 1994, the IRS requires donors to have an official acknowledgement for any gift of $250 or greater in order to claim a charitable tax deduction. The Advancement office issues these on behalf of the Foundation.

To maintain consistency, naming opportunities and plaques must be reviewed with the Advancement office. The Foundation implements the following guidelines regarding minimal contributions and naming.

While the academic fiscal year is based on September 1st to August 31st, the fundraising fiscal year is January 1st to December 31st.

- A donor can endow a scholarship with a minimum contribution of $25,000.
- A donor can create a perpetual scholarship with a minimum contribution of $10,000.
- A donor can create an annual scholarship with a minimum contribution of $500.
- A donor can contribute 51% of the projected cost of a project.
- A donor can contribute an amount recommended by the Foundation Board and approved by the College Board.

All the mentioned contributions constitute naming opportunities. The NTCC Board of Trustees also reserves the right to recognize outstanding service or support through naming opportunities.

What is an Endowed Chair?

An endowed chair is among the most important gifts to higher education, a vital tool to ensure faculty excellence. Philanthropic endowments have been known since ancient times: The Greek philosopher Plato bequeathed valuable land to his disciples so they could maintain his Academy.

Today, an endowed chair honors and recognizes the distinction of superior faculty while providing invaluable financial support ***above and beyond salary***, for use in research, teaching, or service activities. It is a powerful recruitment tool; the more chairs a school has endowed, the more prestigious and attractive to potential faculty.

How is it established?

An endowment is established with a sizeable gift to an academic area designated by the donor. This gift is invested in an interest-bearing fund in which the principal remains intact while the interest provides a perpetual source of annual income. The current pay out for a chair is 4.5 to 5%.

This is used to attract and support academic and research efforts of an exceptional faculty member – a distinguished leader in his/her field – appointed to this position. The recipient typically holds the chair until leaving his/her position at the college, at which time the honor is bestowed upon a new scholar.

Establishment and naming of an endowed chair is contingent upon funding and approval from NTCC Office of the President, with input provided from the NTCC Faculty Senate and Advancement Office.

Scholarship Agreement (Annual)

Northeast Texas Community College Foundation

I (we), ____ hereby establish the ____ Annual Scholarship. This scholarship is established to provide one or more stipends to qualified Northeast Texas Community College students. Investment of the fund will be handled by The Northeast Texas Community College Foundation's Board of Directors.

Recipients of this scholarship will be selected by the NTCC Scholarship Committee, applying the requirements for eligibility listed in the attached New Scholarship Worksheet.

If, in the judgment of the Board of Directors of the NTCC Foundation, changed circumstances should at some future time render the above designated use of this fund impractical, unwise or inappropriate, then the Board shall, after consultation with ___________________________, if available, use this fund to support other scholarships, giving special consideration to the requirements listed in the New Scholarship Worksheet.

____

Donor Date

________________________________ ________________________________

NTCC Foundation Date

NTCC Annual Scholarship Agreement

Scholarship Agreement (Endowed)
Northeast Texas Community College Foundation

I (we), ____ hereby establish the ____ Endowed Scholarship Fund. This fund is established in perpetuity with the income generated being used to provide one or more stipends to qualified Northeast Texas Community College students each semester. Investment of the fund will be handled by The Northeast Texas Community College Foundation's Board of Directors.

Recipients of this endowed scholarship will be selected by the NTCC Scholarship Committee, applying the requirements for eligibility listed in the attached New Scholarship Worksheet.

Should the NTCC Foundation Board determine there is insufficient income from the endowment to grant an award for a given semester, the donor or his/her representative will be contacted to determine if the donor desires to contribute sufficient funds, to make the award. Scholarship awards will be made only from income earned by the endowed funds or from these special contributions.

If, in the judgment of the Board of Directors of the NTCC Foundation, changed circumstances should at some future time render the above designated use of this fund impractical, unwise or inappropriate, then the Board shall, after consultation with ____________________________, if available, use this fund to support other scholarships, giving special consideration to the requirements listed in the New Scholarship Worksheet.

____

Donor Date

____

NTCC Foundation Date

NTCC Scholarship Agreement

New Scholarship Worksheet

Northeast Texas Community College Foundation

SCHOLARSHIP NAME: ____

Date Established: ________________________ **Initial deposit:** ________________________________

Established by: ____ **First Award Date:** ______________

Contact Person: ______________________________________ **Phone:** __________________________

E-Mail: ____

Mailing address: ____

In Memory/Honor of: ____

Please check the type of scholarship you are establishing: __________ Endowed __________ Annual
If establishing an Annual Scholarship, would you prefer to be invoiced? ________Yes _______ No
If yes, approximate the time of the year you wish to be invoiced? ____________________________

Amount to be awarded: ____

REQUIREMENTS FOR ELIGIBILITY: **Examples – major, residency, GPA or unrestricted**

1) ____

2) ____

3) ____

4) ____

Publicity: New scholarship publicity includes a press release to local newspapers and photo announcing the donor and name of the scholarship. The usual yearly publicity is a picture of the current year scholarship recipient published in local newspapers and the College newspaper.

Additional Information: ____

ALL FOUNDATION SCHOLARSHIPS REQUIRE:

- **Selection of recipient by NTCC Scholarship Committee**
- **Follow established scholarship application process**
- **Full-time enrollment (12 hours)**
- **Sufficient account balance for awarding**

Thank you for your generous gift to the NTCC Foundation. All gifts or assets contributed to the Foundation become an irrevocable gift and legal control and responsibility for the gift or asset rests with the NTCC Foundation.

Donor Signature ____ **Date** ___________________

Printed name ____

NTCC Official Signature ____ **Date** ___________________

Printed name ____

Second Party Gifts

The CASE/NACUBO Management Reporting Standards for Educational Institutions (1982) states on page 4: "In those cases where a contribution passes through several entities – such as from an individual to a Foundation to an institution, or from a Foundation to another Foundation to an institution – the last of the entities through which is passes before being received by the institution should be cited as its source.

Therefore, a gift to the NTCC Foundation on behalf of an individual or other donor will be credited to the entity distributing the gift. Such gifts will include, but not be limited to, gifts from family foundations, community foundations, family or closely held corporations, and other donor directed gifts which are not personally given.

All such second party gifts may be entered as soft credit or "on behalf of" gifts under the individual records designated to receive gift credit by the second party. This ensures proper recognition and gift accounting.

Legal & Soft Credit

Legal credit is given to the entity from whom a contribution is received. They could "legally" treat their gift as a charitable contribution. Soft credit is given to show affiliation with a gift. Soft credit donors cannot regard the gift as a charitable contribution.

Poise will create soft credit for every gift equal to the primary legal gift/pledge amount. This soft credit amount can be overridden to an amount less than the legal amount for the gift, but never in excess of the legal amount.

If there are associated donors for a gift, the soft amount initially will be set equal the legal amount of the gift. As above, this amount can be overridden to an amount less than the legal amount, but no in excess of the legal amount.

In following the above, it is obvious that the sum of all soft amounts associated with a single gift can exceed the legal amount. This is acceptable. Poise will not, however, permit the sum to be less than the legal amount.

Corporate Checks-Personal Records

Under no circumstances should a corporate contribution be recorded on an individual's record. Not only does this apply to matching gifts, but any other corporate gift. Exceptions may be found, but they will be handled on a case-by-case basis.

Not only does this falsify information available in official IRS matters, but it negatively affects corporate fundraising totals. Furthermore, the Management Reporting Standards specifically states that, "A check drawn from a business account should be credited to the CORPORATIONS AND BUSINESSES category…."

We recognize that, for some donors, there is a slight difference between personal and business checking accounts, but we must abide by the above standard. We may lessen the concern and give intentioned credit to the donor by inserting the following on the comment line for the gift: On behalf of [Name of individual].

Solicitation of Gifts

1. Foundation Fundraising Committee: An appointed committee of the Foundation charged with leadership in fundraising toward the ultimate objective of increasing needed capital resources for support of the Foundation.

2. Advancement Office: Responsible to the College President for coordination and assistance of all fundraising activities, for acknowledging all gifts received, and for maintaining records on all gifts received.

3. Gift Solicitation Program:

   a. *Annual Campaign Fund:* Each year the Annual Campaign Fund solicits donors of record and others for a yearly gift through a series of mail and personal solicitation programs.

   b. *Capital Campaigns:* Special gifts (trusts and annuities) and planned gifts included in the wills and estates of donors for both endowment and expendable purposes.

   c. *Procedures for Gift Solicitation:* Only projects approved by the executive office will be assigned to the Advancement office, thereby authorizing the expenditure of staff time and budget for fundraising purposes. Non-approved items cannot demand fundraising staff time and budget, but in any event all solicitation must be cleared with the Advancement office before approach to a gift source. This procedure is to help prevent duplication of effort with any prospects already assigned to approved projects, which shall have priority.

   d. *Specific Targeted Fundraising:* Fundraising targeted at specific donors or specific donor groups shall be conducted, coordinated, or otherwise resolved in accordance with the wishes of the donor(s). Thus, a representative of the Foundation, who has a prospective donor or donor group and must decide whether the benefits of a fundraising effort should attempt to balance institutional needs and don. wishes.

      Prior to a final decision by a specific donor or donor group, should said donor or donor group "claimed" by one or more different individuals or institutions, who individually perceive a legitimate interest in the results of such fundraising, the responsible parties involved should attempt to resolve any differences on the basis of institutional needs and donor wishes. Crossover fundraising or duplicative donor claims that cannot be resolved by the individuals, divisions, or departments involved, shall be adjudicated, if necessary, by the Executive Committee.

   e. *General Fundraising:* With regard to more general fundraising efforts/programs, the following donor categories are reserved for the Foundation's general giving program; current or past clients, trustees, corporations, past donors, staff alumni, and current employees. Crossover fundraising or duplicate donor claims between a subsidiary and the Foundation, whether directed at individuals or groups, shall be resolved by the departments involved, or ultimately bye the Executive Committee.

Special Events

Gifts Associated with Direct Benefits to Donors

(Tickets, Memberships, Auctions, Raffles, Contests)

In accordance with IRS requirements, invitations, reply cards, tickets, letters and other printed materials produced for any fundraising event sponsored by the Foundation must clearly reflect the fair market value of any benefit to the donor. This applies to all fundraising events, including those that are underwritten. The following definitions should be kept in mind when reviewing this guideline:

<u>Fundraising Event</u>	An activity sponsored by the Foundation, or one of its Support Corporations, for the purpose of fundraising to benefit the Foundation. In exchange for the price of admission, the donor generally receives a benefit or privilege.
<u>Auction</u>	A fundraising event at which guests pay the Foundation for goods and services donated by third parties.
<u>Benefit</u>	The fair market value of a ticket to any event, of any good or service purchased at an auction, or of consideration associated with membership. In relation to an event, the term benefit applies, but is not limited, to the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. The benefit associated with a purchase at an auction is equal to the fair market value of the good or service bought. In relation to memberships, benefit refers to the fair market value of gifts and privileges associated with the level of membership. If the membership results in favorable seating consideration at on-campus athletic events, where no tangible value can be assigned, the IRS requires that donors only claim 80% of the "gift" as a charitable deduction.
<u>Raffle</u>	A means of raising funds in which each participant buys a ticket for an article put up as a prize with the winner being determined by random drawing. Amounts paid for chances to participate in raffles or similar drawings, and amounts paid to participate in contests for valued prizes, are not regarded as gifts under IRS regulation and do not qualify as deductible charitable contributions.

The concept of benefit, as defined above and as applied to all fundraising activities, is applied even if the donor does not attend the event but receives a ticket or does not exercise rights associated with membership.

Questions in regard to acceptable language on tickets and promotional literature should be referred to the Advancement office. Care must be taken, however, to ensure that when any benefit is associated with a contribution, applicable literature **cannot** characterize the full face price of the ticket or membership to be a donation, contribution, or gift, nor may such items state the cost of the ticket or membership as being "deductible to the extent provided by law".

Fair market value of tickets should be determined in relation to comparable events. For example, concerts, theatrical and athletic performances should be related to the price normally charged for admission. Dinner and dinner/dances should be related to total expenses before underwriting. A reception or dinner plus performance should take both elements into account. If the event has no counterpart by which fair market value can be measured, then the benefit amount is determined by reasonable estimate by a staff member knowledgeable in such affairs, with such estimates well documented.

In the case of auctions, the fair market value of the items sold shall be printed in a program or announced to the participants before the bidding begins. Only the total paid above and beyond the documented value of items auctioned will be recognized as gifts and processed as such through the Foundation office. All amounts equal to, or below fair market value will be treated as non-gifts and processed as such by the area conducting the auction. Be advised that the actual item sold, if previously donated, has already resulted in Gift-in-Kind credit to a donor. Giving the purchases of the item credit for the full amount would not only be incorrect in accordance with IRS regulations but would result in double counting of the gift value.

Types of Gifts

a. Gifts with no stipulation as to purpose or use are unrestricted. Restricted gifts are those given for a specific purpose designated by the donor.

b. A gift may be expendable – immediately usable for current purposes. Or, it may be retained, perhaps as an endowment gift to be invested and held permanently for the income derived.

c. Beside monetary gifts, the NTCC Foundation also receives non-monetary gifts such as

  1) Marketable Property – Securities, real property, and saleable personal property.

  2) Gifts-in-Kind – Gifts to be used in the form in which they are given, art objects, books, equipment, etc.

  3) Rights and Insurance – Royalties, copyrights, trademark rights and insurance policies and naming the Foundation as a beneficiary.

d. NTCC Foundation may also negotiate gifts-in-trust; agreeing to hold and manage principal resources given by the donor in exchange for the dividend income for life, after which this income will be used by the Foundation according to the wishes of the donor.

Special Handling for Select Gifts

a. Memorial Gifts – The families or other individuals make gifts "in memory of" or "in honor of" persons by name. When received by the Foundation, these funds will be used as unrestricted income, unless designated by the donor for a specific purpose.

b. Temporary Funds – A donor may turn over funds or property as a gift specified with conditioned use over time. These funds may be held for a fixed period and invested, with only the income usable by the NTCC Foundation until conditions of time or maturation are achieved and the principal becomes available. In other cases, the use of the principal may be permitted at a fixed rate of use over a period of time, as specified by the donor.

c. Legacies and Bequests – A donor may arrange under legal contract expressed in his will that the NTCC Foundation is a designated beneficiary to receive a direct gift from the estate. A donor may also arrange, after the death of a named beneficiary, that the principal or some of the surviving estate will become the property of the NTCC Foundation.

Valuing Gifts

1. Correct Legal Name: All gifts, regardless of value, form, or designated use, shall be made only to NTCC Foundation. Questions about methods of giving, timing, assignment, or purpose of any gift shall be directed to the Advancement office, as shall all questions about legal forms for gifts or about the tax consequences for gifts.

2. Importance of Gifts: The NTCC Foundation depends on the financial support of trustees, corporations, foundations, and other friends for a substantial portion of its annual gift income. Gifts and the income from former gifts held as endowment provide important resources for the operating budget, the capital and equipment budget and other enterprises of the NTCC Foundation. Soliciting gifts must be a coordinated effort; management of fundraising is entrusted to the Advancement office.

3. Tax Laws: Federal and State governments encourage voluntary gift support of not-for-profit Foundations by tax laws, which allow substantial deductions for donors. The significance of the tax laws makes an important obligation of the NTCC Foundation to record and acknowledge all gifts received.

Definitions

<u>Acknowledgements/Thank-you's</u> – The timely "thank you"/receipt for a gift showing the date of the gift, check number, and purpose of the gift if it is restricted. The acknowledgement "Flag" on page 1 of a Donor/Prospect Account denotes whether an acknowledgement is to be sent upon receipt of a gift or pledge payment.

<u>Activity</u> – The Activity code denotes a **Donor** or **Prospect**. It can be used to further segment your major donors/prospects.

<u>Annual Fund</u> – Any organized effort by a nonprofit institution or program to secure gifts on an annual basis, either by mail or through direct solicitation, or both. Also, frequently called Annual Appeal, or Annual Giving Program.

<u>Attributes/Profile</u> – Tracks personal, biographical information about a donor/prospect, such as social security number, birthday, religion, political party, spouse, employment, memberships in clubs and organizations, educational background, etc.

<u>Benefit</u> – A form of fund-raising which involves the development and staging of a special event for charitable purposes, with all proceeds above expenses designated as a contribution to the charitable institution concerned.

<u>Browse Letters</u> – Browse letters is the correspondence record for a donor/prospect. It tracks ALL correspondence through the Development Office software to a donor/prospect.

<u>Campaign</u> – An organized effort to raise funds for a nonprofit organization through solicitation by volunteers or by direct mail or both.

<u>Capital Funds</u> – Resources earmarked for (1) building construction, renovation or remodeling; (2) equipment; or (3) books and other non-disposable items.

<u>Case</u> – The combination of reasons advanced by an institution or agency in justification of its appeals for support, with emphasis on its services, past, present and potential. One of the three basic pedestals on which fund-raising success must rest, the others being leadership and fields of support.

<u>Campaign Tracking</u> – Provides on-line tracking of all volunteer campaign workers, prospects and status of current campaign personal solicitations, etc.

<u>Capital Campaign</u> – A campaign to raise substantial funds for a nonprofit organization to finance major building projects, to supplement endowment funds and to meet other needs demanding extensive outlays of capital.

<u>Case Statement</u> – A carefully prepared document that sets for the in detail the reasons why an institution or agency merits support, in the context of the "case bigger than the institution", with substantial documentation of its services, its human resources, its potential for greater service, its needs and its future plans.

Charitable Institution – Any private institution or agency that operates on a nonprofit basis for the public good and which is therefore exempt from taxation, with the exception of commercial operations in which it may be involved.

Comments – The screen in the Development Office software, which displays donor/prospect contact information. This can act as documentation of telephone calls, a tickler file for future actions, as well as a running commentary regarding information about the donor/prospect.

Constituency – A category of donors and prospective donors, such as alumni, parents, members, staff doctors, and in a broader sense, individuals, corporations and foundations.

Contract – Restricted payments received from various contractors, made in accordance with the terms of contracts entered into by the Foundation to conduct specific programs

Cultivation – The process of gradually developing the interest of an important prospective contributor through exposure to institutional activities, people, needs and plans to the point where he may consider a major gift.

Deferred Gift – The creation of a vested future interest in property for the benefit of a charitable institution. Current value is ascertainable using actuarial tables.

Direct Mail – Soliciting gifts by writing a letter or series of letters. This is often a campaign, usually on a broad basis, conducted by mail, frequently with several mailings over a specified period.

Donor – An individual, corporation, or foundation that **has made a gift** to our nonprofit organization.

Donor Recognition – The policy and practice of recognizing gifts, first through immediate acknowledgement by card or letter, and subsequently through personalized notes, personal expressions of appreciation directly to donors, published lists of contributors, and in other appropriate ways.

Donor Lists – A list of donors to the Foundation. This list might include names, addresses, telephone numbers, amount of gift, date, receipt number, motive of the gift, fund that the gift was restricted to, an honor/memorial and any comment noted when the gift was received.

Endowment – Funds which are kept intact and invested; a portion of the earnings from which are applied to purposes designated at the outset by the donor. The proportion of earnings applied in this manner and the proportion reinvested for growth of principal, are determined by the Board of Trustees.

Events – The screen in the Development Office software that tracks special events to which a donor/prospect is invited. Events allows you to track RSVP's, seating arrangements, cost per person and a note.

Expendable – Gifts, grants and contracts, given or paid to the Foundation, which are to be expended in support of various programs or projects.

"Face-to-Face Solicitation" – Solicitation directly via a call on a prospective contributor at his/her home, office or other selected location.

Fields of Support – Sources of prospective gifts, essential to all fund-raising efforts and one of the three pedestals on which they rest, the others being case and leadership. See also Constituency.

Foundation Committee – May be synonymous with the foundation board, or may be a committee of a board of trustees or directors charged specifically with overseeing foundation operations.

Fund – (1) Used variously to denote the vehicle for securing annual contributions, as in alumni fund; the goal of a capital campaign; goals of a special program or project; or a philanthropic foundation. (2) (verb) To give value to a trust, as to fund with securities or cash.

Gift – A voluntary transfer of things of value from individuals, industry, foundations and other sources for either unrestricted or restricted utilization in the operation of the Foundation, for which the Foundation has made no commitment of resources or services, other than the possible agreement to the designation of the use of the gift by the donor. Gifts usually take the form of cash, checks, securities, real property, or personal property.

The Foundation is a 501(c)(3) tax-exempt Foundation and is qualified as such in that it is "…organized and operated exclusively for…scientific…or educational purposes…, no part of the net earnings…inures to the benefit of any private shareholder or individual…". No one should make a gift to the Foundation where he or she stands to receive private gain from the gift.

Gift Clubs/Recognition – The policy and practice of recognizing gifts, first through immediate acknowledgement by card or letter, and subsequently through personalized notes, personal expressions of appreciation directly to donors, published lists of contributors, and in other appropriate ways. Tracking a donor's recognition of the level of the gift. Many nonprofits recognize major donors through membership in gift clubs. Membership is generally based on the size of the gift.

Gift Range Table – A projection by dollar amounts and total numbers for each category of gifts believed necessary to achieve a campaign goal, and emphasizing the importance of "big" gifts.

Gift Report – A report which indicates who gave how many dollars, when, in response to which appeal, and for which fund.

Goal – The overall financial objective of any campaign or foundation program.

Grant – Revenues received from individuals, industry, foundations, and other sources, for the support of the Foundation's programs and projects. Grants normally fall into two categories:

1) Non-Specific Grants are those received in support of restricted programs or projects, but which do not result from a specific grant proposal, no specific resources or services are committed, and no accounting of the use of the funds is required.

2) Specific Grants are those received in accordance with the terms of approved grant proposals for specific programs and projects. Commitments resources or services are made as a condition of the grant, and an accounting of the use of the funds may be required by the grantor.

Group – The Group code is the constituency/group assigned to the donor/prospect. It is the category of donors and prospects, such as alumni, parents, members, staff doctors, and in a broader sense, individuals, corporations and foundations.

History of Giving – An on-line summary of ALL gifts, number of gifts, YTD giving, first, last and largest gifts, motives and funds, last five years' giving summary, pledge summary, matching gift summary and miscellaneous giving summary.

Individualize – The ability to include specific and personal information about a donor/prospect in a letter, i.e., event attended, specific support in the past, etc. Scholarship gift – hear is how we used it.

Keywords – Allows you to code comments with your own "keyword" for easy access to additional information regarding the donor/prospect. Keywords are defined by the user, stored in code assist and allow for instant retrieval.

Leadership – The sine qua non of any campaign organization, and one of the three major pedestals on which fund-raising success must rest, the others being case and fields of support. Campaign leaders provide the drive and the enthusiasm, which are essential to motivation of the entire development of volunteers.

Mail Campaign – A campaign, usually on a broad basis, conducted by mail, frequently with several mailings over a specified period.

Memorandum of Understanding (MOU) – The MOU is a "contract" that defines the working relationship between an institution or system and its related foundation. The Association of Governing Boards encourages public institutions and foundations to regularly review their partnership agreements or to develop such a document if one does not currently exist. Best practices dictates that maintaining an up-to-date MOU can eliminate unnecessary problems by outlining the parameters, expectations, and any financial arrangements of the relationship.

Motive – The Motive code tells you what specific appeal/event that prompted the donor/prospect to respond.

Non-Expendable – Gifts or bequests, given to establish or increase Endowment Funds and to become non-expendable/non-lendable principal of the Endowment Funds.

Objectives – The specific purposes for which a campaign is mounted, encompassing the full scope of the stated needs; the raison d'etre – for the campaign.

Operating Funds – Money applied directly to meet regular, ongoing expenses incurred in the general operation of the Foundation. May be either designated to specific purposes or other times unrestricted as to use.

Personalize – The ability to write to a donor/prospect using their personal name(s) in the address and salutation.

Philanthropy – According to one dictionary definition, “the spirit of active good will toward one’s fellow men, especially as shown in efforts to promote their welfare”. Generally, the philosophy and practice of supporting, through financial and other contributions, programs and campaigns conducted by charitable institutions.

Proportionate Giving – Giving that is commensurate with an individual or group capability in light of such factors as age, family commitments, economic circumstances, and the like.

Proposal – A carefully prepared written request for a gift or grant; also known as presentation.

Prospect – A potential donor – an individual, corporation, foundation, or association that is apt to give to your nonprofit organization.

Prospect Rating – A procedure for evaluating the giving potentials of various prospects through judgments of knowledgeable persons, functioning as a special campaign committee.

Prospect Research – The continuing search by foundation offices for new and pertinent information concerning prospects already on record and for identification of individuals, foundations, corporations, etc., not yet listed, utilizing numerous reference sources.

Quota – Percentage of a total fund-raising goal assigned to a division or other unit of the campaign Foundation.

Quasi Endowment – Funds which the Board of Trustees, upon recommendation of Administration, decides to retain and invest. There are two types of quasi endowments: unrestricted and restricted. Concerning the unrestricted, the Board has the right to decide at any time to expend the principal of such funds and to designate how the income is to be spent. As to the restricted, while the Board decides to establish an endowment account with the funds, neither the principal nor the interest may be used for any purpose other than that designated by the donor.

Relationships – Tracks relationships of a donor/prospect, i.e., who serves on which board, is employed by whom, is a member of which church/club, is friends of whom, is related to whom, owns stock in which company, etc.

Restricted – Gifts, grants or contracts, given or paid wherein the donor or granting and contracting Foundation has specified that the gift, grant, or contract is to be used to support specific programs or projects.

Segmentation – The specific grouping of donors/prospects for purposes of solicitation.

Sequential Giving – A cardinal principle of fund-raising counsel that gifts in a campaign should be sought “from the top down,” i.e., that the largest gifts in a gift range table should be sought at the outset of a campaign, followed sequentially be the search for lesser gifts.

Sight-Raising – Calculated attempts employing various strategies to induce previous donors as well as undecided prospects to raise their levels of giving.

Source – The source of **where** the name of the donor/prospect came from (originated). The source tells you where the name of the donor/prospect was acquired.

Special Events – A public ceremony such as a dedication or a ground-breaking ceremony, or an event specially contrived, which serves to focus attention on an institution during a fund-raising campaign and thus aids in the cultivation process.

Special Project – A program or project requiring special funding but usually not of sufficient proportions to necessitate a campaign.

Sponsors – Prominent individuals who agree to use their names on letterhead and other campaign literature in order to convince readers that the campaign or program has high-level endorsement.

Stewardship – Careful accounting for the raising and spending of funds in accordance with the objectives of the nonprofit organization and in keeping with the wishes of the donor.

Subordinate File – One of various categories of files maintained by development offices, such as foundations, corporations, institutions and the like, all of which are listed alphabetically in a master locator file.

Support Services – Technical aspects of a foundation program or fund-raising campaign, which deal with such areas as prospect research, mailings of appeal letters, gift processing, list preparation and clerical operations generally.

Targeting – The process by which we identify a prospect/donor for a specific appeal.

Telephone Campaign – A technique, employed especially in alumni fund campaigns, to secure verbal commitments for gifts via telephone calls from teams of solicitors working out of a central headquarters.

Unrestricted – Gifts or bequests, given wherein the donor has not specified how the gift or bequest is to be utilized.

Voluntarism, Volunteerism – The willingness of private citizens to serve voluntarily a great variety of programs and causes, both in fund-raising campaigns and in other capacities.

Year-End-Giving – The practice among many charitable Foundations of seeking gifts, usually via mail campaigns, in the last two or three months of a calendar year on the premise that prospects will take last minute advantage of opportunities to secure tax deduction.