

GIFT ACCEPTANCE POLICY

The Marshall University Foundation Inc. was established in 1947 as a private non-profit corporation for educational purposes, tax exempt under 501(c)3. The solicitation and acceptance of private support for Marshall University is strongly encouraged. Private support is essential for a public institution dedicated to higher education. Marshall University relies on private support to continue academic excellence and meet the challenges of the 21st century. Support may be sought from individuals, corporations and foundations solely for purposes and programs that are recognized as fulfilling or enhancing the mission of Marshall University.

The Marshall University Foundation Inc. accepts gifts in accordance with The Marshall University Foundation Articles of Incorporation, Bylaws and policies; Marshall University policies; and federal, state and local laws and regulations.

This policy is designed to provide guidance to the Marshall University community and the general public so as to facilitate the gift-giving process. The Marshall University Foundation Inc. encourages philanthropic creativity to maximize the benefits to donors and to Marshall University. Therefore, this policy is to be interpreted liberally.

Gifts to The Marshall University Foundation Inc. are charitable contributions and may qualify as deductions from federal, state and local income tax. Donors are encouraged to consult with their legal and tax advisors regarding their gifts.

Many types of assets may be used to provide gifts to Marshall University. A variety of methods of giving to the university allows donors to choose the most appropriate for their circumstances and interests. These gifts include cash, securities, real estate, tangible personal property, planned gifts and others. Gifts may be either restricted or unrestricted in purpose. The Gifts, Memorials and Income Committee needs to evaluate gifts that may expose The Marshall University Foundation Inc. or Marshall University to adverse publicity, require expenditures beyond the Foundation's or University's resources, or involve unexpected responsibilities because of their source, conditions, or purposes. The Foundation's Gifts, Memorials and Income Committee may reject or recommend acceptance of gifts. Gifts recommended for acceptance are submitted to the Executive Committee and/or Board of Directors for approval. The President/CEO has authority to receive gifts not requiring committee consideration.

DESIGNATION OF GIFTS

Donors are encouraged to recognize that following the establishment of an endowment, the needs, policies, and circumstances of Marshall University may change. The Marshall University Foundation Inc. through its Board of Directors has the flexibility to make use of funds in the best interest of Marshall University in accordance with donors' interests and

specifications. Donors are advised to recommend the specific purposes of their gifts as broadly as possible and to avoid detailed limitations and restrictions.

The Marshall University Foundation Inc. may approve the establishment of special purpose and unrestricted endowment funds upon receipt of gifts or commitments that meet its approved financial and other criteria. Endowments bearing individual's names or otherwise rendered discrete from unrestricted funds must meet the criteria established by the Board of Directors. Written guidelines are required for each endowment.

There are several types of endowments. The most commonly accepted are:

Awards and Scholarships

1. Endowed Scholarships. A fully endowed scholarship may be established with a minimum gift of \$15,000.

2. Eminent Scholars Chair. A fully endowed academic eminent scholar chair may be established with a minimum gift of \$500,000.

3. Distinguished Chair. A fully endowed academic distinguished chair may be established with a minimum gift of \$5,000,000.

4. Visiting Professorships. A visiting professorship endowment may be established with a minimum gift of \$250,000.

5. Lectureships. An endowment fund for a lectureship may be established with a minimum gift of \$100,000.

6. Fellowships. A fellowship may be established with a minimum gift of \$250,000.

7. Faculty Development. A faculty development endowment may be established with a minimum gift of \$10,000.

8. Others. The Marshall University Foundation Inc. will work with prospective donors on the terms and conditions of other restricted or unrestricted endowment funds that support academic activities or functions and are of sufficient size to yield a meaningful annual income to Marshall University.

Because conditions change, endowment guidelines must contain the following contingency clause:

Should the purpose for this fund no longer exist at Marshall University, reasonable efforts will be made to consult with the donor. If the donor is unavailable, the Board of Directors of The Marshall University Foundation Inc. may designate a purpose most consistent with the original intent of the donor.

METHODS OF GIVING

Cash Gifts

One method of giving to Marshall University is a cash donation in the form of currency, check, money order or credit card. Gifts are payable to: The Marshall University Foundation Inc.

Gifts of Securities

Publicly-traded securities, shares of stock in closely-held companies, bonds, and government issues may be given to The Marshall University Foundation Inc. Gifts of securities may be made by endorsing each certificate on the back or sending the certificate along with an executed stock power for each separate issue of stock or bond with signatures guaranteed by a bank or trust company. Donors should obtain a stock power from their banker or broker, signing their names exactly as they appear on the certificates, and having their signatures guaranteed. The stock power and a letter of instruction should be mailed to the President/CEO under separate cover from the stock certificate(s). The Marshall University Foundation, Inc. should be designated on the stock certificate(s), stock power, or related instruments of transfer. Endorsed certificates should be hand carried to the President/CEO or sent by registered mail to The Marshall University Foundation Inc.

Hand-delivered securities will be valued as of the date of delivery. Mailed securities will be valued as of the date the securities are received. Donors should endorse stock certificates only upon delivery to The Marshall University Foundation, Inc.

If the securities are to be electronically transferred, the donor or the donor's agent must call the President/CEO for transfer instructions. **The date of the gift is the date the stock is transferred into the name of The Marshall University Foundation Inc. on the transfer agents records. The postmark date on the stock power will be used as the gift date when the stock certificate and stock power are mailed under separate covers.**

Publicly-Traded Securities. These are securities regularly traded on a public stock exchange. The value of the gift will be the average of the highest and lowest selling prices quoted for the stock on the date the gift is made.

Closely-Held Securities. These are shares of stock in entities that have been organized for profit-making purposes and are rarely traded on stock exchanges. Donors may give shares of closely-held corporate securities to The Marshall University Foundation Inc. in the same manner as publicly-traded securities. However, because closely-held stock is not publicly-traded, these securities present special concerns. To convert them into cash, The Marshall University Foundation Inc. must own the securities of record. Thus, it will not, formally or informally, enter into any redemption agreement with the donor. A decision to accept gifts of closely-held securities may only be made by the Board of Directors upon recommendation of both the Investment Committee and the Gifts, Memorials and Income Committee.

Other Investments

The Marshall University Foundation Inc. may accept gifts of other investments after a thorough review of factors such as:

1. marketability;
2. nature of any applicable restrictions;
3. legal and other liabilities associated with the asset, which The Marshall University Foundation Inc. will be expected to assume;
4. carrying costs such as administrative and legal fees; and
5. exposure to unrelated business income tax liability.

Real Estate

The Marshall University Foundation Inc. may accept gifts of real estate, including houses, condominiums, commercial properties, farm land, rental property, and undeveloped land,

after a thorough review of factors such as:

1. usefulness of the property to The Marshall University Foundation and/or Marshall University purposes;
2. marketability of the property;
3. existence of restrictions, reservations, easements, and/or other limitations;
4. existence of encumbrances, such as mortgages and mechanics liens;
5. carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses;
6. fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with Internal Revenue Service (IRS) standards; and
7. any possible environmental or other reclamation liability that may attach to the acceptance of the property.

Prior to the acceptance of any parcel of real property, an assessment of the potential environmental risks will be conducted. This assessment may include the following:

1. inquiry of the present owner's knowledge of the property's history;
2. title search to determine prior owners;
3. a consultation with federal, state and local environmental agencies to determine any history of hazardous waste contamination;
4. visual inspection for evidence of environmental hazards; and
5. review of the current law.

An environmental audit conducted by a certified environmental engineer may be required as determined by the Gifts, Memorials and Income Committee. The decision to accept gifts of real estate resides with the Board of Directors.

Tangible Personal Property

The Marshall University Foundation Inc. may accept gifts of tangible personal property, including, but not limited to, coin, stamp and other collections, works of art, jewelry, antiques, automobiles, manuscripts, and books. Such gifts are accepted only after a thorough review indicates the property is readily marketable or may be used by the university in a manner consistent with its mission. An essential issue for donors to consider before contributing a gift of tangible personal property is whether they would like Marshall University to use or display the property. Prospective donors should be advised that The Marshall University Foundation Inc. or Marshall University reserves the right to sell or otherwise dispose of the personal property in question if such action is financially advisable or necessary. If The Marshall University Foundation Inc. intends to sell a gift immediately, The Marshall University Foundation Inc. must inform the donor that IRS rules will probably limit the amount of the charitable deduction to the donor's cost basis.

Gifts of tangible personal property of \$5,000.00 or more require a written appraisal by a qualified independent appraiser. **The Marshall University Foundation Inc. cannot appraise or assign valuation to gifts of tangible property nor can it pay for an appraisal unless it is conducted at the request of the Board of Directors or one of its appointed committees.** It is the donor's responsibility to arrange and assume all associated costs of transporting the gift to Marshall University. The Marshall University Foundation Inc. or Marshall University assumes ownership once the gift-in-kind is physically received.

Planned Giving

Planned gifts may be either deferred or outright. They involve the transfer of substantial assets that affect the distribution of the donor's estate. These gifts do not immediately confer institutional ownership and generally are not taken out of current earnings. **The Marshall University Foundation Inc. cannot serve as trustee of any deferred gift that requires the appointment of a fiduciary.**

The following are acceptable methods of creating deferred gifts to The Marshall University Foundation Inc.

Bequest in Will

A bequest is a gift of any amount or form made to The Marshall University Foundation Inc. in a donor's will. Gifts may be made to The Marshall University Foundation Inc. through the execution of a new will or through a codicil to an existing will. Bequests may provide for specific amounts in cash, securities, articles of tangible personal property, or a percentage or residue of the estate. Among donors' options are residuary and contingent bequests. A residuary bequest will give The Marshall University Foundation Inc. all or a portion of the estate after all debts, taxes, expenses, and other bequests have been paid. A contingent bequest will ensure that specified property will pass to The Marshall University Foundation Inc. rather than unintended beneficiaries.

Bequests may be given as unrestricted or restricted gifts. Unrestricted bequests may be applied to current needs. A restricted bequest supports a certain purpose or program designated by the donor.

Donors also may establish, by will, an annuity trust or unitrust. The bequest can be arranged to provide a life income for a designated beneficiary by directing the bequest be used to establish a charitable remainder annuity trust or charitable remainder unitrust. If such a gift is made by will, the principal will pass to The Marshall University Foundation Inc. only after the death of the life income beneficiary.

Donors considering bequests for a specific purpose are encouraged to consult The Marshall University Foundation Inc.

Charitable Remainder Trusts

A Charitable Remainder Trust provides for periodic payment of income to the donor (or person(s) specified by the donor) for life or a specified term of years, after which the trust assets pass to The Marshall University Foundation Inc. Donors may create a revocable or irrevocable trust, however; only irrevocable trusts qualify for immediate income tax benefits.

During the lifetime of the donor, he or she creates a formal trust agreement under which assets such as cash, securities, or both are irrevocably transferred to a trustee who then pays the donor (or person(s) specified by the donor) an income for life.

During the donor's lifetime, the trust assets are managed and invested by the trustee as a single fund. The donor cannot borrow or otherwise deal with the trust assets. There are two types of charitable remainder trusts.

1. Charitable Remainder Unitrust

The designated beneficiary receives payments based on a fixed percentage of the net fair market value of the trust as valued annually. The donor determines the fixed percentage which may not be less than five percent, upon creation of the unitrust.

Donors may make subsequent additions to the unitrust during their lifetime or by bequest upon their death.

2. Charitable Remainder Annuity Trust

The annuity trust provides for fixed payments based upon the fair market value on the date the trust is established.

Donors may not make additional contributions to an annuity trust.

Charitable Lead Trust

A charitable lead trust provides immediate support to The Marshall University Foundation Inc. and tax benefits to the donor. Income is generated by the assets in trust for a set period of time, after which the assets pass to a non-charitable beneficiary such as the donor, the donor's children or person(s) specified by the donor. In a lead trust, the donor gives The Marshall University Foundation Inc. the current economic benefit of the transferred assets and retains the right to reacquire possession and control of the assets at a future date.

The donor during his or her lifetime creates an irrevocable trust agreement for a period of ten years or more. The agreement may take effect during the donor's lifetime or be part of the donor's will. Assets are transferred to a trustee with the stipulation the income from the assets be paid to The Marshall University Foundation Inc. for the life of the trust. Upon the expiration of the trust, the principal or corpus of the trust reverts back to the donor or donor's designee.

Charitable Gift Annuity

A charitable gift annuity is a life income arrangement and charitable agreement whereby the donor transfers to The Marshall University Foundation Inc. a specific sum of cash, securities or other property in an amount not less than \$10,000. In consideration of this gift, the Foundation will pay a guaranteed fixed income for life to the donor (one-life) or to the donor's spouse (two-life). The minimum age for the donor and spouse to receive income is 65. The annual income the Foundation pays (rate of return) is based upon the rate established by the Committee on Gift Annuities.

Gifts of Life Insurance

A donor may name The Marshall University Foundation Inc. as a beneficiary and/or owner of a new or existing life insurance policy. If The Marshall University Foundation Inc. is named the owner and beneficiary and the donor chooses not to continue paying the premiums, The Marshall University Foundation Inc. may elect to:

1. continue paying the premiums and receive the full face value of the policy at the donor's death;
2. convert the policy to paid-up insurance in a reduced amount with no further payments;

or

3. surrender the policy for its present cash value.

Gift of a Remainder Interest in a Personal Residence

A donor may give a remainder interest in a personal residence, such as a home or condominium, to The Marshall University Foundation Inc. The donor or other occupants may continue to occupy the residence without disruption for the duration of the donor's life. hereafter, the residence will either be used or sold by The Marshall University Foundation Inc. The procedures for evaluating proposed gifts of real property, as outlined above, also apply to gifts of a remainder interest in property.

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

CONFLICT OF INTEREST

In all matters involving donors or prospective donors, the interest of the donor shall come before that of The Marshall University Foundation Inc. No program, trust, contract or commitment shall be urged upon any donor or prospective donor that would benefit The Marshall University Foundation Inc. at the expense of the donor's interest. No agreement shall be made between The Marshall University Foundation Inc. and any agency, person, company or organization on any matter whether investments, management or otherwise that would knowingly jeopardize the donor's interest.

FINAL APPROVAL, ACCEPTANCE AND EXECUTION BY THE MARSHALL UNIVERSITY FOUNDATION, INC.

Documents effectuating the acceptance of all gifts, the creation of endowment programs, and the transfer of real or tangible personal property to The Marshall University Foundation Inc. must be approved by the Board of Directors and executed by the President/CEO. Documents shall be executed in duplicate with one copy sent to the donor and the second retained by The Marshall University Foundation Inc.

RETURNING GIFTS

Based on state and federal regulations, once a donor has transferred real or tangible property to The Marshall University Foundation Inc. and the gift has been accepted, it cannot be returned.

CHANGING GIFT DESIGNATIONS

The donor may designate a purpose for his/her gift to The Marshall University Foundation Inc. as long as there is no direct benefit derived from its use.

Once a gift has been accepted and designated for a use, the donor no longer has control of this gift and may not change the original designation unless otherwise approved by The Marshall University Foundation Inc. Board of Directors, the Executive Committee acting on its behalf, or the President/CEO.

PROVISION FOR AMENDMENT

This Gift Policy may be amended by majority vote of the directors of The Marshall University Foundation Inc. at any regular meeting of the board or at a special meeting called for that purpose; provided that in all events at least five (5) days written notice of the proposed amendments shall be given to The Marshall University Foundation Inc. Board of Directors.

December 16, 1997