GIFT ACCEPTANCE POLICY

Generally, all gifts are acceptable to the Northern Arizona University Foundation (Foundation), subject to the following policies and procedures. The procedures for gift acceptance can be found below and in the Northern Arizona University (NAU) procedures manual. A gift is defined as a voluntary transfer of money or property of value made by a donor without expectation or receipt of an economic benefit commensurate with the money or property transferred and to which no commitment of resources or services has been made.

Gift Review and Acceptance – Authorized Agents
The Board authorizes the NAU President, his/her delegates, the Foundation President, and the gift planning staff, working through the gift planning program of NAU and any advisor or outside counsel deemed necessary, and within established policies of the Foundation, to negotiate the establishment and the terms of planned gifts (such as charitable remainder trusts, charitable lead trusts, charitable gift annuities, life estate agreements, charitable loans, etc.), inter vivos or otherwise.

The Board authorizes the NAU President and his/her delegates to negotiate on behalf of the Foundation acceptable outright gifts. Gifts negotiated by the delegates must be in agreement with this policy. Any proposed gifts that are not addressed within this policy must be brought to the Gift Acceptance Committee prior to acceptance.

Gift Acceptance Committee
The Gift Acceptance Committee (GAC) is a Foundation committee established to maintain gift acceptance guidelines for the Foundation that are approved by the full Board and shall coordinate such guidelines with the gift guidelines and policies of NAU. The committee will consult to review and approve unusual gifts. The committee has the authority to decline a gift upon review.

Use of Legal Counsel
The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters may include:

1. Gifts of closely held stock that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities.
2. Gifts governed by contracts, trusts or other legal documents.
3. Gifts involving bargain sales or documents requiring the Foundation to take or refrain from taking some action or assume an obligation.
4. Gifts with potential conflicts of interest that may not be in the best interest of NAU, or that may invoke IRS or other legal sanctions.
5. Gifts of real property or interest therein, including mineral rights.

Gift Restrictions
The Foundation is legally obligated to adhere to the terms and conditions of each gift. For this reason, gift terms must be considered with the utmost care to be sure they are feasible, do not
unduly hamper the usefulness and desirability of the gift, and are in conformity with Foundation policy. It is the responsibility of the development officers and/or University administrators to present gifts with unique restrictions to Foundation management for review. University administrators are responsible for ensuring that donor intent is met.

General Principles
This gift acceptance policy shall be interpreted in light of the following principles:

1. Donor Rights and Interest – a gift will be considered for acceptance when in the mutual best interest of the donor and the Foundation. A determination of the donors “interest” will include, but not be limited to, the donor’s financial situation and philanthropic interest, as well as any tax or other legal matters revealed while planning for a gift. The Foundation adheres to the Donor Bill of Rights. The Foundation will not pay a finder’s fee or commission for any gift in exchange for securing said gift.

2. Donor Responsibility – donors are responsible for ensuring that proposed gifts further their own personal charitable, financial and estate planning goals. Each donor is urged to seek the advice of independent legal, tax or financial counsel in the gift planning process. It is not within the province of the Foundation or its staff to give legal, accounting, tax or other advice to prospective donors.

3. Integrity and Independence – The Foundation values and will protect its integrity and independence. Gifts should not compromise the University or the Foundation with restrictions or conditions that may expose either party to adverse publicity, provide the appearance of impropriety, or result in real or perceived conflicts of interest or commitment.

4. University Benefit – A gift will be considered for acceptance by the Foundation if there is a reasonable expectation that acceptance of the gift ultimately will benefit the University. Some of the factors that may be considered include: the capacity of the University to utilize the gift; is the gift too restrictive for the purpose; whether the gift has unexpected responsibilities because of the source, conditions or purposes; and are there costs or obligations that the University or the Foundation may incur by accepting the gift.

5. Compliance – the Foundation will adhere to federal, state, and/or local laws and regulations. Specifically, the Foundation will comply with the Internal Revenue Service Code and its regulations, as well as the State of Arizona law relating to charitable organization and not-for-profit corporations, particularly the Management of Charitable Funds Act. The Foundation cannot accept gifts which a) may contravene the Foundation’s status as a charitable 501(c)(3) not-for-profit organization; b) violate the Foundation charter, mission, or planning; or c) result in the misapplication of State funds.

6. Industry Standards and Regulatory Compliance – The Foundation’s policies are consistent with guidelines established by industry organizations such as the Financial Accounting Standards Board, the Council for the Advancement and Support of Education, the National Committee on Planned Giving and the Association of Fundraising Professionals.

7. Confidential Information – All information obtained from or about donors or prospects shall be held in the strictest confidence by the Foundation in accordance with the Code of Ethics adopted by the Board of Directors. The Foundation will respect donor wishes in regard to publication of information or other forms of recognition.

Gift Receipting and Acknowledgement
All Gifts to the University should be directed through the Foundation for recording to the appropriate fund(s). All deposits submitted to the Foundation for processing must be supported by accurate representations and original documentation to clearly identify the true business nature. An IRS acceptable gift receipt is sent to the donor upon gift acceptance.
GIFT ACCEPTANCE GUIDELINES

Cash and Cash Equivalents
Cash and cash equivalent gifts are accepted by the Foundation in the form of currency, money orders, checks, wire transfer, ACH, credit/debit card charges. Checks should be made payable to “NAU Foundation”. The Foundation currently accepts most credit cards on line, by telephone, or through the US postal service. The Foundation also receives cash contributions through payroll deduction.

Foreign Currency
The Foundation may accept foreign currency and securities. The gift will be recorded in United States currency based on the exchange rate the day the gift is deposited.

Securities
Publicly Traded Securities: Publicly traded securities (stocks, bonds and mutual funds) are securities regularly traded on the New York, NASDAQ and American Stock Exchanges. Publicly traded securities which have appreciated in value are common charitable gifts as they allow the donor to make a significant tax favored gift. Stock is valued at the mean of the high and low price of the security on the date of the transfer of ownership to the Foundation multiplied by the number of shares donated.

Gift-in-Kind (Gifts of Tangible Personal Property and Real Property)
A gift of tangible personal property such as equipment, art objects, furniture, instruments, books, valuable papers, or real estate, etc., may be accepted on behalf of NAU by the Foundation provided that:

1. Such a gift is consistent with the mission of the University, or may be liquidated and the proceeds used by the Foundation;
2. Acceptance of such a gift will not involve significant additional expense in its present or future use, display, maintenance, or administration; and
3. No financial or other burdensome obligation or expense is or will be directly or indirectly incurred by the Foundation in the process of accepting the gift.

The receipt and acceptance of gifts of tangible personal property by Vice Presidents, Deans, Directors and other authorized officers shall be reported in detail promptly to the Foundation for confirmation and formal acceptance. Unless otherwise specified as a condition of the gift, the Foundation, in assuring that the donor’s intent for the gift is honored, is empowered to retain the gift of property, turn it over to the University, or liquidate it. Gifts of real property will be sold and converted to cash as soon as practical unless it is held for the use of Northern Arizona University or there is some compelling reason for the Foundation to retain ownership.

Requirements for Accepting Gifts in Kind
Before any such gifts-in-kind will be received by the Foundation, the following will be determined:

1. The user college, school, department, program or unit at NAU must declare that the gift-in-kind will be useful to meet its stated objectives and goals.
2. A gift-in-kind for payment of expense for a University sponsored event must demonstrate that the department would have paid for the expenses of the event had they not been donated. Gifts involving the payment of expenses must be substantiated by both the
event receipts and payment documentation to prove who actually paid for the expenses (canceled check or credit card statement). The payment documentation is required to ensure the tax receipt is issued to the proper person.

3. The donor must be advised to make provisions for a qualified appraisal which will enable the donor to claim a tax deduction.

4. Arrangements must be made in advance to transport, ship or deliver the gift-in-kind to Northern Arizona University.

5. Arrangements must be made in advance for space to house the gift-in-kind at Northern Arizona University.

6. Provisions must be made in advance for installation costs, if any, for the gift-in-kind at Northern Arizona University.

7. Arrangements must be made in advance for insurance coverage, if any, for gifts-in-kind during shipping and when housed at Northern Arizona University.

8. Arrangements for maintenance costs, if any, for the gift-in-kind must be made in advance.

9. Determination must be made if there is any liability associated with receiving the gift-in-kind by the Foundation.

10. Final determination regarding acceptance of any gift-in-kind will be made by the Foundation President, or designee, of the Foundation.

11. The donor will be notified of the Foundation's intent to maintain or dispose of the property.

12. All real estate gifts offered to the Foundation are to be reviewed by the appropriate GAC and presented to the Executive committee or the Board of Directors with the GAC’s recommendation to accept, reject or refer to the University. The GAC will also make recommendations regarding environmental assessment requirements.

13. Please also see NAU policy CMP 303-01 Gifts Coordination Guidelines with Capital Assets

Procedures for Recording Gift-in-Kind
Gifts-in-kind obtained as part of Foundation approved special events will be recorded as Foundation gifts-in-kind. Examples include gift cards and items received for silent auctions and raffles. Most tangible property gifts-in-kind will become University assets.

After the above requirements have been met, the gift-in-kind will be received by the Foundation. A proper acknowledgement will be issued to the donor. The acknowledgement will clearly state that the donor is solely responsible for the declared fair market value of the gift-in-kind the donor wishes to claim as a charitable income tax deduction for the gift.

For income tax purposes, it is the responsibility of the donor to determine the fair market value of the gift. The donor should be advised that they must complete IRS form 8283 if their total tax deductible gift exceeds $5,000 in a given year. The donor will also be advised that a “qualified appraisal” is required for a single non-cash gift over $5,000 in order to complete IRS form 8283. The appropriate administrator will sign the IRS form acknowledging receipt (not value) of the gift. Please consult the IRS regulations for updates.

If title to the gift-in-kind is retained in the Foundation, the item or items will be placed on the inventory list of Foundation assets with appropriate information such as serial number, model number, declared value, description, location, etc. NAU conducts an annual inventory to ensure that assets are still in the possession of the user department at Northern Arizona University.
If the gift-in-kind is declared of no further benefit to Northern Arizona University, and there was no restriction placed on the item or items by the donor, the gift-in-kind may be sold, traded or discarded, but only with the expressed written permission of the Foundation President.

Title to the gift-in-kind may be transferred from the Foundation to Northern Arizona University at any time, but only with the expressed written consent of the Foundation President or his/her assigns. The University Advancement data entry department will notify NAU Property Control when any gifts-in-kind for NAU are received through University Advancement. The item or items will then be placed on the inventory list of the University and the Foundation will have no further concern or responsibility.

Gifts of Works of Art
Gifts of works of art may be accepted by the Foundation. In addition to the noted policies, requirements and procedures on gifts of tangible personal property, the Foundation, in accepting works of art, will adhere to the following two-tier approach:

1. Works of high quality, individually or in whole collections, may be given to and may be accessioned by the NAU Art Galleries and Museum, the official collector and keeper of important works of art for NAU. To be “accessioned” indicates the Museum’s commitment to care for and to use the work for Museum purposes. Art accepted by the Museum must be approved by the Museum Manager prior to acceptance and, if appropriate, the NAU Art Gallery Programming committee on collections. The principal criteria for acceptance, besides quality, are condition, ownership, authenticity, and relatedness to the purpose and collections of the Museum. In addition, the following criteria must be met:
   a. Generally, it must be unencumbered by any restrictions as to use, attribution, exhibition, and disposal. The Museum will, however, honor the donor’s wishes regarding recognitions.
   b. Works of Art should also be accompanied by a bill of sale or other proof of ownership and a complete provenance (the artwork’s history of ownership), where available.

2. Works not meeting Museum standards may still be of value to units of the University for decorative, instructional or resale purposes. However used, title to these works remains with NAU, and decisions regarding disposition resides with the entity that retains the title.

Proof of ownership is a condition of acceptance for any artwork because of increasing problems of repatriation lawsuits for certain ethnic and cultural categories.

Should any work of art be accepted by the NAU Foundation and not transferred to the University, the NAU Foundation may use, sell or otherwise dispose of the work upon written permission from the NAU Foundation President. Should any such artwork be anticipated to be sold, all effort will be made to ensure that such sale would not have an adverse tax effect for the donor.

Gifts of Partnership Interests, Non-Publicly Traded Stock, and Restricted Securities
An offer of a gift of an interest in a limited or general partnership, or of stock in a corporation that is not publicly traded, or of restricted or controlled stock of a publicly traded corporation, may be accepted on behalf of NAU by the Foundation provided the appropriate due diligence has been performed. The Foundation President will coordinate the investigation of such matters as the Foundation’s possible liability as a partner or owner, the assets of the entity, the liquidity of the assets, the entity’s past and current financial condition (based on such things as audited financial statements and filed tax returns), the partnership or shareholder’s agreement, the
nature of the restrictions, and any other information the Foundation President deems reasonably necessary. Approval by the Foundation President or his/her designee must be obtained prior to any transfer to the Foundation of a partnership interest, stock that is not publicly traded, or restricted or controlled stock.

Unsolicited transfers of partnership interests or such stock will not be accepted. Upon receipt of any such unsolicited transfer, the Foundation legal counsel will immediately notify the transferor (in writing) that the interest or stock has not been accepted and will not be accepted until the requirements of this policy are met.

The IRS currently requires a donor to obtain a qualified appraisal if the value of the interest transferred is over $5,000 ($10,000 for closely held stock) and the donor wishes to claim a charitable contribution income tax deduction. For proper accounting, marketing, and donor recognition purposes, an appraisal is requested for each gift of a partnership interest, non-publicly traded stock, or certain restricted or controlled stock. In the absence of an appraisal, the gift will be recorded at $1.00.

**Intellectual Property**
The Foundation can accept intellectual property (an intangible asset) that has been produced through creativity and innovation. Examples of intellectual property include patents, copyrights of cultural, artistic and literary works and computer software under development. In many instances, the donor is the developer of such property and is giving the University the right to use such property, not the copyright to the intellectual property itself. The Foundation and the University will work together to determine the technical aspects to accepting a gift of intellectual property, subject to the General Principles outlined in this policy.

**Software/Hardware**
Corporate software and hardware gifts critical to University academic and research initiatives are evaluated by the Foundation and the University from a tax, financial, development and stewardship perspectives for recording and reporting purposes. To ensure proper recording and reporting, the University Contracts Office will be contacted to determine if the gift meets the appropriate criteria for acceptance.

An irrevocable gift of software or hardware with an established retail value is recorded at the educational discount value (if one exists) or the fair market value, as long as the agreement qualifies as a charitable donation under tax laws.

**Gifts of Real Property**

In addition to the noted policies, requirements and procedures on Gifts-In-Kind, gifts of real property may be accepted on behalf of NAU in accordance with the following additional policies, requirements and procedures as approved by the Foundation Board.

Most real property is actively marketed and the proceeds are used for the charitable purposes specified by the donor. A real estate policy has been adopted by the Foundation relating to the acceptance, management, and liquidation of real property.
Procedures for Accepting All Types of Real Estate
In furtherance of its mission, the Foundation may acquire interests in real property by non-gift means for use by NAU. Most frequently, the Foundation sells gifts of real property. The proceeds are then used for charitable purposes specified by donors.

The following procedures have been adopted by the Foundation Board relating to the acceptance, management, and liquidation of real property. All appropriate inquiries will be made concerning the condition of real property, valuation, including marketability, carrying costs, and environmental risks, prior to acquisition by the Foundation in any capacity.

The following requirements must be met for the acquisition of any interest in real property, in any capacity, prior to acceptance or recording of any documents. After initial review and approval by the Office of Gift Planning, all issues and materials required for the acceptance of real property, must be submitted for consideration by the GAC.

The Office of Gift Planning (OGP) is responsible for the collection of all necessary information to present to the Gift Acceptance Committee for proper consideration of a gift of real estate. All costs associated with appraisals, inspections, surveys, environmental surveys, title searches and other expenses related to full disclosure of information about the proposed real estate gift are to be borne by the donor. Exceptions may be made with written approval from the President of the Foundation.

Information to be gathered includes:
1. Market conditions for resale or the ultimate disposability of the property;
2. The condition of the land, buildings and any improvements located on the property;
3. Current and potential zoning, land use, and concurrency issues;
4. Any costs associated with holding the property for resale; and
5. Other considerations specific to the acquisition of the property.

Process for Evaluating a Real Estate Gift
1. OGP obtains information regarding address, assessed value, tax liabilities, mortgages (if applicable), liens, listed owners and other information deemed relevant.
2. If the OGP finds the real estate gift appropriate, a representative of the OGP visits the site of the proposed gifts, takes photos and makes written observations of the general condition and locations.
3. If the OGP in its best judgement believes this is a potential viable gift to the Foundation, a request will be made of the donor to provide the following:
   a. A qualified real estate appraisal;
   b. Building inspections if developed land;
   c. Appropriate environmental survey;
   d. Proof of clear title;
   e. Any documentation related to mortgages, liens, etc., if applicable;
   f. Any other information deemed relevant.
4. Upon receipt of the requested documentation, the OGP will provide its recommendations to the President of the Foundation.
5. If the President of the Foundation believes the gift is viable, then the President will call a meeting of the GAC to review the proposed information.
6. After review, the GAC will either approve, accept, then direct the OGP to move forward, or reject the gift, or request further information to assist in its decision making.
7. If the GAC moves to accept the proposed gift, the Executive Committee will review and either accept the gift, reject the gift, or request further information.
8. Upon the Executive Committee approving the acceptance of the proposed real estate gift, the OGP will move forward with arranging completion of the gift.

9. Upon the Foundation securing title to the property, the OGP will be responsible for locating a real estate agent, working with the NAU Foundation regarding all contracts, working with the college or unit that will benefit from the sale to assure the donor’s requests for the application of the sales proceeds are met, ensuring all gift agreements are in place and signed by appropriate individuals.

**General Warranty Deed**

Title will be transferred to the Foundation by general warranty deed unless transfer is by a trustee, personal representative, or other fiduciary who will provide a deed with warranties appropriate to its capacity. Legal counsel will review all deeds.

**Appraisal**

The IRS requires the donor to obtain a qualified appraisal if the value of the real property is over $5,000 and the donor wishes to claim a charitable contribution income tax deduction. For proper accounting, marketing, and donor recognition purposes, an appraisal is requested for all real property gifts. In the absence of an appraisal, the real property will initially be recorded at $1.00.

**Title Search, Insurance and Inspections etc.**

A title search may be required for any real property transaction. A title search and title insurance will be required for gift acquisitions of mortgaged property and all non-gift acquisitions. The donor will pay unless the GAC decides to make an exception.

**Owner’s Affidavit**

An owner’s affidavit in a form approved by the GAC is required for all real property acquisitions.

**Survey**

A survey may be required for any real property transaction. A survey will be required for gift acquisitions of mortgaged property and all non-gift acquisitions, unless the gift acceptance committee and/or Foundation legal counsel determine existing surveys or drawings are adequate.

**Real Property Taxes and Other Carrying Costs**

Evidence must be provided by the donor that all real property taxes and other carrying costs are paid and current. Donors will be encouraged to pay all or prorate the taxes and other carrying costs for the year of the donation.

**Mortgaged Property**

The Foundation rarely accepts mortgaged property and never accepts mortgaged property into a charitable remainder unit trust. Real property may be acquired subject to a mortgage, if the mortgage is current and assumable and only following Executive Committee or Board of Directors’ approval. Prior to acceptance:

1. A clearly established method for the payment of the debt must be determined;
2. An MAI/SRA appraisal will be required; and
3. The loan-to-value ratio must not be more than 50 percent.
Leases
When real property is acquired subject to a lease, the lease must not be in default and must be assignable by the landlord. Commercial property acquired subject to a lease will only be accepted following approval by the GAC. Following approvals, and upon transfer of the property, the lease(s) must be assigned to the Foundation and all deposits, advance rents, and other monies transferred to the Foundation or otherwise accounted for as required by law.

Special Deed Clauses
The GAC and Foundation president must approve special deed clauses in advance.

College or Unit Agreement
Each college of unit benefiting from a gift or other acquisition of real property agrees to accept the gift net of any taxes, insurance, mortgage payments, and all other holding and carrying costs incurred by the Foundation until the real property is liquidated.

Environmental Requirements
No interest in real property, whether outright, in trust, by bequest, as a secured interest, or otherwise, will be accepted by or on behalf of the Foundation without first complying with the following procedures:

An environmental review as described below shall be performed on every potential real property asset prior to acceptance by the Foundation.

Residential, Rural or Agricultural
For real property located in a developed residential community, a rural area, or an agricultural area, an approved consultant will perform an Environmental Risk Assessment or a Phase 1 environmental survey.

Industrial
For real property located in a developed area where manufacturing of any class of industrial activity may have taken place, a Phase I environmental survey will be done.

High Risk Operation
For real property with present or past high-risk operations, an approved consultant will perform a Phase I audit.

If any environmental review indicates areas of significant concern, an additional investigation, including a Phase I, Phase II, and/or Phase III audit, as recommended, will be performed by an approved consultant prior to acceptance of the real property. If the above procedures disclose risk of liability, the real property will only be accepted with the approval of the Executive Committee or the Board of Directors. All contracts for environmental audits will be prepared and reviewed by the Foundation legal counsel.

The donor must pay for any assessments and audits.

Unsolicited Deeds
Unsolicited deeds will not be accepted. Upon the receipt of an unsolicited deed, the Foundation President will immediately notify the grantor (in writing) that the real property has not been accepted and will not be accepted until the requirements of this policy are met, and the deed will be returned to the donor, along with a quitclaim deed from the Foundation if necessary.
Special Types of Acquisitions
In addition to the above requirements, the following types of real property require additional items prior to acquisition:

1. Real property given to fund charitable remainder trusts will only be accepted to establish net income unitrusts or “flip trusts.”
2. Real property given to fund charitable gift annuities will ordinarily not be accepted to fund charitable gift annuities.
3. Time share units will not be accepted.

Procedures for the Sale and Management of Real Property Gifts
The Foundation Director of Finance and Administration is authorized to charge routine property carrying expenses such as taxes, insurance, maintenance, travel, surveying, engineering, title examination, closing and other costs to the college or unit benefiting from the real property. These expenses will be reported regularly to the appropriate fund administrators.

The Foundation President or his/her designee will diligently work to obtain the best price and terms in the shortest amount of time for all real property. However, real property may be held for the production of income or appreciation after consultation with all interested parties and approval of the Executive Committee or the Board of Directors.

The Foundation President or his/her designee will attempt to have all properties listed or for sale at all times.

No referral fee will be paid to any broker securing a gift of real property. Special consideration may be given to the procuring broker when listing the real property for sale, provided any such agreement to list is non-binding on the Foundation and the fees are not in excess of customary local fees.

Use of Brokers
The Foundation President or his/her designee is encouraged to provide all brokers equal access to its real property inventory. This will not preclude the use of exclusive listings.

Whenever possible, the Foundation President or his/her designee will solicit recommendations regarding local brokers and the general marketing effort from local Board members, friends of NAU, and the donor.

The payment of fees to brokers when they are principals is discouraged, unless it is the local custom. In such an event, the fee will be reduced by the proportion of the broker’s interest in the transaction.

Real Property Sold Without Signed Listing Agreements
The Foundation President or his/her designee will use all normal means of marketing – including signs, advertising brochures and open listings – in their efforts to market real property.

The Foundation President or his/her designee will attempt to negotiate reduced fees when the brokers present buyers arising from in-house marketing efforts.
Listing Price Determination
Real Property will be listed at not less than the approved price. The approved price will be determined by either of the following:

1. If a qualified appraisal, dated within two years, is available, the Foundation President or his/her designee will set the approved price at not less than the value contained in the appraisal; and shall have the authority to reduce the approved/list price if the property does not sell within 5 months, regardless of the value stated in the qualified appraisal. If there is a question as to the accuracy of a qualified appraisal for current market conditions, the Foundation may require an additional appraisal arranged by the Foundation.

2. If no appraisal is available, or file appraisals are more than two years old, the Foundation President or his/her designee will attempt to determine market value via market inquiry, competitive market analysis, or updated or new appraisals and will recommend an approved price.

3. At least once a year, the Executive Committee will review and approve the approved price for all real property holdings.

For internal record keeping, if no appraisal is provided, then the real property will be entered on the books (book value) for $1.00. A reasonable time will be allowed for the donor to provide an appraisal. If an appraisal is received, book value will be adjusted accordingly.

Acceptance and Execution of Real Estate Contracts
The Foundation President and Foundation legal counsel will review and comment upon each contract prior to its presentation to either the Executive Committee/Board of Directors for review, or to the appropriate Foundation officer for execution. Contracts will be subject to the following:

1. On all contracts with sales prices of less than $100,000, the Foundation President or the Director of Finance and Administration are authorized to execute sales contracts without Executive Committee/Board of Directors approval, if the sales price is at least the approved price and the sales contract contains standard terms.

2. Contracts with sales prices equal to or exceeding $100,000 require the approval of the Executive Committee/Board of Directors prior to execution by the Foundation President or Director of Finance and Administration.

3. Authorized Foundation agents are encouraged to seek the advice of Foundation legal counsel when negotiating sales contracts.

4. If sales are financed, they will be subject to the approval of the Executive Committee/Board of Directors.

Leasing

Leases with the Foundation
The Executive Committee or its designee may negotiate leases with NAU at less than market or nominal rents, provided the use of the real property (1) is non-profit and in furtherance of NAU’s objectives and the Foundation’s mission and (2) does not result in any cost to the Foundation. The leases may not result in a negative cash flow to the Foundation unless the college so benefiting agrees in writing, in advance, to underwrite the losses.

All leases will be negotiated and executed in accordance with the Board of Regents’ policies and procedures.
The Foundation legal counsel must review and provide an opinion of such leases prior to execution.

Other Leases
Upon review by the Foundation legal counsel the Foundation President or Director of Finance and Administration are authorized to execute leases that are within the following guidelines:

1. A base lease term of no more than 5 years;
2. Renewal option which, together with the base term, do not exceed 10 years;
3. Appropriate rent escalator clauses for all renewal options; and
4. Total rent for the base term of no more than $100,000.

All leases entered into by the Foundation will be reported to both the Finance and Executive Committees.

Management and Transfer of Real Property
All real property held by the Foundation in any capacity will be so managed as to comply with all federal and state regulations and to minimize or eliminate any liability resulting from hazardous materials. The sale or transfer of real property by the Foundation will be handled in a manner designed to eliminate any future liability by the Foundation for hazardous substance remediation. The Foundation will fully disclose to a prospective transferee any and all information concerning the condition of any hazardous substances existing on the real property. The Foundation may convey title to real property only by means of a special warranty deed or (where appropriate) a trustee’s deed without warranties or quitclaim deed.

Non-Discrimination
The Foundation will not discriminate or condone discrimination in its real property activities. The Foundation will conduct all affairs in compliance with all applicable state and federal Equal Opportunity, Fair Housing, Equal Credit Opportunity, and other anti-discrimination laws.

Exceptions
Upon written request by the Foundation’s President, the Executive Committee will consider exceptions to these policies and procedures on an individual basis after consultation with the Foundation legal counsel and the NAU gift planning staff.

Miscellaneous Policy Provisions

Securing Appraisals and Legal Fees for Gifts to the Foundation
It will be the responsibility of the donor to secure a qualified appraisal (where required) and independent legal counsel for all gifts made to Foundation. The Foundation may require an MIA or SRA appraisal depending upon the circumstances of the gift property.

Valuation of Gifts for Development Purposes
When the Foundation receives a gift, it will record the date of the gift and the value of the gift on that date.

Responsibility for IRS Filings Upon Sale of Gift Items
The Foundation accounting department is responsible for filing IRS Form 8282 upon the sale or disposition of any part or all of an asset within two years of receipt when the Foundation is required to sign IRS Form 8283 Part B when the gift is made. The Foundation accounting department must file this form within 125 days of the date of sale or disposition of the asset.
Policy on Gifts the Foundation will not accept

The Foundation Board of Directors has determined that certain gifts are not advisable to accept on behalf of NAU.

1. Gifts of “S Corp stock”.
2. Gifts of “time shares”.
3. Outright gifts of term life insurance.
4. Mortgaged property into a charitable remainder trust.
5. Gifts of non-marketable securities.
6. The Foundation will not create donor advised funds.
7. The Foundation will not accept gifts of vehicles. KNAU does have a program to accept proceeds from vehicle donation sales.

Procedures for Other Gift Acceptance

The procedures for the acceptance of gifts not covered in this Foundation Policies and Procedures Statement are to be established under the direction of the Foundation President using the best practices of the profession.

The procedures for the daily operation of the Foundation are to be established and approved by the Foundation President.

Effective: 2008       Revised: June 22, 2015