

Gifts & Endowments

The principal basis for making a major charitable gift should be a desire on the part of the donor to support the work of CUSP in fulfilling its mission; however, CUSP reserves the right to refuse any gift that is not in its best interest in fulfilling its mission. No charitable gift, trust agreement, or contract shall be urged upon a donor or prospective donor to benefit the organization at the expense of the donor's intent and best considerations.

Congress has provided tax incentives for charitable giving, and the emphasis in this policy on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation for the donor of those incentives and their implications. CUSP will, to the best of its ability, inform donors about options, and benefits, but donors should also consult outside professionals, including lawyers, accountants, or financial planners, to fully understand the implications of their donations.

- Guidelines

These guidelines are provided to ensure that assets given to CUSP for its long-term sustainability are: 1.) accepted, managed, and invested to provide maximum benefit to CUSP; 2.) handled pursuant to the donor's intent and wishes, and; 3.) in the case of endowment, managed to minimize the risk to the underlying corpus.

- CUSP may accept cash donations and marketable securities at any time, for the purposes of establishing an endowment as outlined below, or for its direct use under its charitable purposes. These gifts may be accepted by the Executive Director. The Executive Director may also accept gifts of personal property with a value less than \$50,000, when such property is intended for CUSP's direct use in fulfilling its charitable purposes (for example, gifts of vehicles or equipment used in CUSP's work).
- Gifts of other assets, such as real estate, life insurance policies, closely held stocks, or tangible goods, such as art, jewelry, or personal property not included in the previous paragraph, may be accepted as approved by the Board of Directors, and may be directly invested or sold to provide cash for investment. In the case of gifts that require Board acceptance, CUSP will work to promptly respond to donors; however, CUSP will take the time needed to do appropriate due diligence in accepting such gifts, which may include reviewing the gift with technical consultants including but not limited to realtors, surveyors, appraisers, attorneys, accountants, and other specialists who would be critical for CUSP to adequately evaluate material information pertinent for CUSP's Board in making a decision to accept such gifts.
- All gifts shall be valued based on Internal Revenue Service regulations in place at the time the gift is accepted. All representations made in promotional, fundraising, and other public information materials are accurate and not misleading with respect to the organization's accomplishments, activities, and intended use of funds. All funds are spent for the purpose(s) identified in the solicitation or where not specifically solicited, in accordance with the state wishes of the donor. All donor gifts are acknowledged in writing, in compliance with IRS rules, which may require a third-part appraisal for certain donations of real or personal property. Quid pro quo donation values will be adjusted according to the value of the service or product the donor receives.

- Major Gift/Endowment Agreement

A written document referred to as a "major gift/endowment agreement" will be prepared in support of the gift. The agreement may be provided in the form of a letter from the donor, or may be drafted by staff based on pertinent language from a legal document such as a will or a trust. Wording of the agreement should specifically address the following items:

- 1) Named Funds: CUSP reserves the right to only approve individually named funds for

donations of at least \$25,000. The endowment agreement shall specify the name of the fund as the donor wishes it to be recorded. Funds can be named in such a way as to not give away the identity of the donor.

- 2) General Purpose Funds: Donors may donate smaller funds for CUSP to add to CUSP's Board-established general endowment, or to other endowment funds pursuant to the endowment agreement for such funds.
- 3) The specific purpose[s] for which the gift or endowment distributions are to be used, such as for a specific program or project, or for CUSP's general support.
- 4) The agreement shall define the period of restriction, either permanent or temporary for a stated period of years, and during the restricted period, terms such as how the principal may or may not be used (for example, for general operations or capital expenditures) unless as specified in the next item.
- 5) In the case of restricted endowments, the agreement shall also state that if, during the restricted period, severe economic conditions result in a decrease in the endowment principal below the original donation, CUSP may reduce the remaining principal by no more than 5% per year, upon a vote of the Board, in order to sustain the program, project or general operations for which the fund was established.
- 6) If, in the opinion of the Board, fundamental circumstances change so radically that the purpose for which the endowment was originally established becomes illegal, impractical or no longer able to be carried out to meet the needs of CUSP, the Board may designate an alternative use for the gift or endowment, but in so doing the Board shall give utmost consideration to the donor's special interests and wishes as evidenced in the original agreement. Thus, the agreement should spell out alternate uses that the donor considers acceptable, up to and including dispersing the gift or principal to an alternate 501(c)(3) nonprofit.
- 7) If, subsequent to the original gift, any person or entity, including CUSP, is allowed to make additions to a named endowment fund, the agreement should state that such additions must be made subject to the provisions of the original endowment agreement, or should specify terms that apply to said additional funds.
- 8) Funds distributed from endowments in one year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested at the discretion of the Board, as a permanent addition to the principal of the endowment.
- 9) Gifts and endowment funds may be commingled with other funds for the purpose of maximizing earnings on investments or reducing administrative burden.
- 10) Endowment distributions may include income, defined as dividends, interest, and other income, and net appreciation of endowment principal, both realized and unrealized.
- 11) Donor confidentiality will be maintained according to the wishes of the donor, within the context of federal or state laws requiring reporting of donations.