

Pratt Gift Acceptance Policy

POLICY SUMMARY

This gift acceptance policy statement shall give guidance and counsel to individuals concerned with the solicitation, receipt, acceptance, application and disposition of all philanthropic support to Pratt Institute (Pratt). It should be noted that this document is not intended to provide detailed descriptions of various giving instruments or offer advice to prospective donors regarding the most effective means of achieving their philanthropic goals.

Specifically, the policies contained herein will provide guidelines for Pratt to:

- a. Accept gifts and pledges that are made using a range of the most common giving instruments;
- b. Credit/account for gifts and pledges made to Pratt;
- c. Recognize donors who contribute to Pratt; and
- d. Inform decisions made on matters related to gifts made or pledged to Pratt.

Policy

1. Guiding Principles

The following are important guiding principles used in developing these policies:

- a. These policies are informed by established industry guidelines for “best practices” in non-profit fundraising. These guidelines include Generally Accepted Accounting Principles (GAAP), and standards approved by the Financial Accounting Standards Board (FASB), the Council for the Advancement and Support of Education (CASE) the Association for Healthcare Philanthropy (AHP) and the Association for Fundraising Professionals (AFP), among other organizations.
- b. The “fiscal year total” or “total funds raised” at a given point during or after the fiscal year-end is a tally of acceptable gifts and documented and appropriately valued gift commitments (i.e., pledges and deferred gifts).
- c. It is assumed that Pratt and its representatives will endeavor, at all times, to faithfully implement the stated and/or written philanthropic goals of donors.
- d. Persons acting on behalf of Pratt shall encourage donors to discuss proposed gifts with independent legal, financial and/or tax advisors and shall stress the importance of such counsel when gifts in question are structured and irrevocable.
- e. The Office of Institutional Advancement accounting systems will be consistent with Generally Accepted Accounting Principles and investment policies at Pratt.

2. Acceptance and Counting of Gifts and Pledges to Pratt

All gifts counted in the year-end totals must be either designated by the donor for “Pratt” (or words to that effect) or for projects clearly outlined by proposals, letters and other forms of soliciting support.

- a. Time Period. Gifts and pledges actually received or committed during each Fiscal Year (July 1 of the starting year through June 30 of the following year) will be included in the year-end total.
- b. Solicited Gifts. Gifts and pledges that are made as a result of general or program related solicitations (regardless of whether solicitations are conducted by Pratt's staff, trustees, volunteers or other representatives) will be counted toward the year-end total.
- c. Unsolicited Gifts. Unsolicited gifts that are designated by the donor for Pratt or for projects consistent with the general needs of Pratt will be counted toward the year-end total.
- d. Unsolicited gifts and bequests that do not specifically reference purpose or projects will be treated in accordance with Pratt's relevant existing policies. Such gifts and bequests may be counted toward the year-end total.
- e. Cancelled or Unfulfilled Pledges. The value of any cancelled or unfulfilled pledge must be subtracted from year-end totals when it is determined that the pledge will not be realized. Partial payments received on unfulfilled pledges will still be reflected in the year-end total including the partial payment.
- f. Program Specific Counting. All gifts and pledges to Pratt will be counted, providing the gift notes a current or future approved program and/or purpose.
- g. Addition of Other Programs. Additional funds may be added to the Institutional Advancement fundraising platform with the approval of the Pratt Board of Trustees. Counting of gifts and pledges to these programs will commence at a date specified in the resolution approved by the Board.

3. Gift and Pledge Confirmation

To be counted in the year-end total, all gifts must be received by Pratt outright, or pledged in writing and signed by the donor or the donor's qualified representative by June 30 of a given year. Written confirmation should include a statement that allocates gifts to Pratt, general operating, endowment or other specific program and/or purpose.

Acceptable forms of written confirmation include, but are not limited to, a signed: letter of intent or pledge card; letter or electronic (e-mail, text or fax) communication authored by the donor; written agreement; trust document or other legally binding documentation associated with acceptable planned giving instruments; or other legal notification.

For pledges, a schedule of pledge payments will be requested to assist Pratt in financial planning and to establish a schedule for pledge payment reminders.

Oral pledges may be only counted with the approval of the Development Committee, and if a confirmation letter has been delivered to the donor by a member of Pratt's leadership.

4. Length of Pledges

Pledged gifts may be fulfilled over an agreed upon period of three (but no more than five) years from the date of the commitment. Donors will be encouraged to make their first payment at the time of the pledge and the Development Committee and/or Pratt's leadership can, at its discretion, extend the pledge payment period to accommodate donors' wishes/needs on a case-by-case basis.

5. Acceptance and Crediting of Outright Gifts

- a. Cash. Gifts in the form of cash (including checks) shall be accepted regardless of amount unless, as in the case of all gifts, there is a question as to whether donors have sufficient title to gifted funds or are mentally competent to legally transfer funds to Pratt as gifts. All checks should be made payable to Pratt; in no event should a check be made payable to an employee, agent or volunteer for the credit of Pratt.
- b. Publicly Traded Securities. Readily marketable securities shall be accepted. Gifted securities will be sold promptly. In no event shall an employee or volunteer working on behalf of Pratt commit to a donor that a particular security be retained by Pratt unless authorized to do so by Pratt's leadership.

Crediting and Guidelines:

- i. Gifts of publicly traded securities will be credited at the averages of the high and low selling prices on the date it is sold by Pratt.
 - a. The gift date for the security will be determined as follows:
 1. Security is brought to Pratt, along with a signature of guaranteed stock power: Date of delivery
 2. Security certificate is mailed: Latest postmark date of stock certificate and signature of guaranteed stock power (in separate envelopes).
 3. DTC Transfer: Date the security enters Pratt's account.
 4. Mutual Funds Transfer: Date the shares are transferred into Pratt's account.
- c. Illiquid Securities. Gifts of illiquid securities include hedge funds, private equity interests, and closely held securities. Typically, it is not possible to sell such securities immediately upon their having been gifted.

Such gifts should be reviewed carefully by the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and the Vice President for Finance and Administration and with recommendations by the President before they are accepted. Key considerations include the likelihood that the securities can be sold; whether the nature of the businesses and/or practices of the gifting corporations or funds are consistent with Pratt's mission; and whether Pratt could incur any unrelated business income tax.

Crediting and Guidelines:

- i. If accepted, gifts of closely held stock that exceed \$10,000 in value should be counted at the fair market value placed on them by a qualified independent appraiser as required by the Internal Revenue Service.
 - ii. Gifts of closely held stock of \$10,000 or less may be valued at the per-share cash purchase price of the most recent transaction (normally, this transaction is the redemption of the stock by the gifting corporation). If no redemption has occurred during the reporting period, an independent certified public accountant who maintains the books for that corporation is qualified to value its stock.
- d. Real Estate. Proposed gifts of real estate will be brought for review by the Vice President, Institutional Advancement to the Chair of the Development Committee in concert with the

Vice President for Finance and Administration and with recommendations by the President before they are accepted. In general, Pratt will consider accepting gifts of houses, residential condominiums, commercial property and unimproved land if the properties are unencumbered, owned in fee simple, and the sales of which will yield proceeds sufficient to justify the necessary efforts.

Unless stated otherwise by Pratt's leadership, gifts of real estate will be accepted with the intent that they will be sold as soon as possible.

Prior to accepting any gift of real estate, Pratt will obtain an appraisal from a qualified appraiser. The cost of the appraisal to be borne by the donor; however, the appraiser should have no business or other standing relationship with the donor. Due diligence concerning environmental issues shall be considered before Pratt accepts any gift of real estate. This may involve conducting an environmental audit.

Crediting and Guidelines:

- i. Gifts of real estate will be credited and recognized at their appraised value at the time they are gifted (not the sale prices).
- e. Tangible Personal Property. Gifts of tangible personal property (with a minimum value of \$5,000), related to Pratt mission, may be accepted by Pratt if the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and Vice President for Finance and Administration and with recommendations by the President, deems that acceptance and/or sales of such property may
- i. be affected without undue burden and
 - ii. realize significant proceeds for Pratt and Pratt Board approved acceptance.

Prior to accepting any gift of tangible personal property with a value of \$5,000 or more, Pratt shall obtain an appraisal from a qualified appraiser who has no business or relationship with the donor. All such appraisals shall be made at the donor's expense.

Crediting and Guidelines:

- i. Gifts of tangible personal property will be credited and recognized at their appraised value at the time they are gifted (not the sale prices).
- f. Other Property. Other types of property such as mortgages, notes, copyrights, patents, royalty payments, and easements shall only be accepted with the recommendation of the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, Vice President for Finance and Administration and with recommendations by the President.

Crediting and Guidelines:

- i. Gifts of other property will be credited and recognized at their appraised value at the time they are gifted (not the sale prices).
- g. Gifts-in-kind. Gifts-in-kind will be considered for acceptance and recognition if such gifts are eligible for charitable tax deductions under Internal Revenue Service standards.

Crediting and Guidelines:

- i. In general, the monetary value of gifts-in-kind will only be credited toward the year-end total if it can be used by Pratt or enhances Pratt and may liberate additional funds that are applied to the project or projects outlined through brochures, proposals, letters and other forms of solicitation.
 - ii. Deep discounts or bargain sales can be credited to the year-end total if an individual or company provides a bill of sale clearly indicating the normal retail price that Pratt would have paid the individual or company for the product (the “normal price” would reflect any discounts typically provided to Pratt), less the charitable contribution of the discounted amount, and a net cost.
 - iii. Gifts of "time" in the form of donated professional services will not be accepted.
 - iv. Donors requesting valued recognition for Gifts-In-Kind with a value of \$500 or more must submit an IRS form 8283 (Noncash Charitable Contributions) completed and signed by a certified appraiser.
- h. Acceptance of Cryptocurrency as a form of charitable giving or payment will be on a case by case basis; Such gifts would be reviewed carefully by the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and the Vice President for Finance and Administration and with recommendations by the President before they are accepted.

6. Acceptance and Crediting of Deferred and/or Planned Gifts

Acceptance and crediting policies regarding some of the most common deferred giving instruments are outlined below. As a general rule, deferred gifts that mature during a specific time period (see Policy 2.a) will be credited at full value.

- a. Bequests (Generally). Gifts in the form of bequests will be accepted and counted by Pratt total subject to the guidelines set forth in Policies 2.c and 2.d (regarding solicited, unsolicited, designated and undesignated gifts) and other policies included in this section.
In cases in which donors making testamentary gifts do not reference general support, Endowment, or specific Pratt programs, purposes, support designation shall be determined by the Vice President, Institutional Advancement, who may consult with the Chair of the Development Committee, and/or the Vice President for Finance and Administration and with recommendations by the President.
- b. Revocable Bequests. Gifts in the form of a revocable bequest will be recognized during the donor's lifetime by membership into the Pratt Renaissance Society.
 - i. If disclosed, revocable bequest amount and current age of donor will be recorded for benchmarking purposes.
- c. Retirement Plans. As an alternative to leaving a gift by will, Pratt may be named as the primary beneficiary of a donor's individual retirement account or 401(k) or comparable plan.

Crediting and Guidelines:

- i. Because of their revocable nature, gifts made in the form of retirement plans should be recognized in much the same manner as revocable bequests (Policy 6.b).
- d. Life Income Plans. Life income gifts will be accepted and credited to year-end totals as applicable. All life income plans entered into shall comply with state and federal regulations governing these types of charitable gifts. Pratt will not serve as Trustee. These include:

- i. Charitable Gift Annuities - An irrevocable gift in exchange for a guaranteed fixed income for life, which is calculated to take account of both the size of the gift and the donor's age at the time of the gift. Upon the donor's death, the assets of the trust will be passed to Pratt. These gifts, if suggested by a donor, will be considered on a case-by-case basis. Proposed charitable gift annuities should be funded initially with assets of at least \$25,000. Annuities may be established for lesser amounts at the discretion of the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and the Vice President for Finance and Administration and with recommendations by the President.
- ii. Charitable Remainder Trust - An irrevocable transfer of assets to a trust, naming Pratt as the only ultimate beneficiary or as one of several qualified charitable beneficiaries. The donor receives annually a life income of a set amount or a fixed percentage, based on the wishes of the donor and the trust's value each year. A donor usually receives an immediate tax deduction and may add to the principal in future years. If the donated assets consist of appreciated securities, capital gains taxes also may be avoided. Gifts made to establish charitable remainder trusts where the remainder is not subject to change or revocation should be credited as future commitments (deferred gifts) at both the discounted present value of the remainder interest allowable as a deduction by the IRS and at face value.
Proposed charitable remainder trusts should be funded initially with assets of at least \$100,000. Trusts may be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift to Pratt. Trusts should be limited to one or two income beneficiaries and to beneficiaries over forty years of age. If a charitable trust is wholly administered by an outside fiduciary (a bank, or investment house, for example), the fair market value of the assets, or a portion of the assets, of such a trust shall be credited to the year-end totals for the year in which the trust is established, provided that Pratt has an irrevocable right to all or a predetermined portion of the income of the trust.
- iii. Charitable Lead Trust - An income producing asset placed in a trust, the income of which is contributed to Pratt for a designated period of time (usually ten years or more), after which the trusted asset is returned to the donor or non-charitable beneficiaries named by the donor. The donor may gain immediate tax advantages or may reduce gift or estate taxes when the assets are passed to children or grandchildren. Pratt will credit the total income expected during the designated time period.
Ideally Charitable Lead Trust should be funded initially with assets of \$500,000 or more as these are complex vehicles.

Gift annuities, irrevocable charitable remainder and lead trusts, and similar life income agreement commitments will be credited, recognized and/or commemorated as follows:

- i. At the fair market value of the asset (on the date of transfer, less encumbrances) being used to fund the life income agreement in the case of charitable gift annuities and remainder trusts for donors age 70.5 and greater, and at the charitable remainder value for donors younger than age 70.5; or

- ii. In the case of charitable lead trusts, at the total anticipated payout over the pledge payment period plus (for commitments made during a designated time period) the present value of any remaining income interest.

7. Acceptance of Temporarily Restricted Gifts

Gifts may be restricted by donors to specific programs and/or purposes, subject to the approval of the Vice President, Institutional Advancement, who may consult with the Chair of the Development Committee, and/or the Vice President for Finance and Administration and with recommendations by the President. Although gifts with special designations are generally welcome, Pratt urges persons contemplating such gifts to discuss their intentions with the Office of Institutional Advancement. This is particularly important in cases of testamentary gifts.

It is essential that the terms of all gifts restricted to particular purposes be thoroughly documented in writing.

8. Recognition of Gifts

- a. Gift Acknowledgments. Gifts and pledges will be acknowledged with letters from Pratt's leadership, both volunteer and staff, as well as Institutional Advancement staff members. Written acknowledgment will be mailed within three business days of gift or pledge receipt.
- b. Naming Opportunities. The Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and the Vice President for Finance and Administration and with recommendation by the President must approve a schedule of gift levels for any naming opportunities. Naming opportunities will require a signed agreement and donors may be subject to background checks to protect the name of the institution.
- c. Matching Gifts. Matching gifts will be not credited toward donors' recognition levels.

9. Declining Gifts

The Development Committee and Pratt's leadership may decline gifts under certain conditions including, but not limited to, the following:

- a. DECLINE: Gifts that are restricted and would require support from other resources that are unavailable, inadequate, or may be needed for other institutional purposes.
- b. DECLINE: Gifts that are restricted and would support purposes or programs peripheral to existing principal purposes of Pratt, or create or perpetuate programs or obligations which would dissipate resources or deflect energies from other programs or purposes.
- c. DECLINE: Gifts that could injure the reputation or standing of Pratt or cause it to enter into activities that is in conflict with its mission.
Pratt reserves the right, If at any time the donor or his or her name may compromise the public trust or the reputation of Pratt, including acts of moral turpitude, to remove the name with the approval of the Board of Trustees.
- d. DECLINE: Gifts that could put at risk Pratt's tax-exempt status or trigger negative tax situations, such as unrelated business income tax.

10. Gift Administration

All documented gifts and pledges will be recorded by the designated member of the Institutional Advancement staff, who also will ensure that the appropriate receipting and written acknowledgments are mailed to the donors in accordance with standard office practice. All pledge payment schedules will be placed in writing for confirmation of the donor's intent.

Pledge reminder letters, based upon the donor's confirmed payment schedule, will be sent by Pratt unless notified of circumstances which would make pledge reminders inappropriate.

Gifts will be directed to the purposes designated by donors as long as they are legal and acceptable to Pratt and meet stated organizational objectives.

11. Donor Rights and Privileges

- a. Donors will be recognized and honored for their support and included in the appropriate recognition societies/circles.
- b. Donors will be advised of the impact of their gifts on Pratt's projects and programs.
- c. Donors will be urged to have all deferred gift agreements reviewed by their own legal and financial advisors.
- d. Donors will be advised that obtaining a qualified appraisal, not connected to the donor, to establish the fair market value of non-cash gifted assets will be the responsibility of the donor, not of Pratt.
- e. All gift arrangements will be kept in confidence and requests for anonymity carefully guarded, unless federal and state law or other legal authority requires disclosure.
- f. Before gift commitments are publicized, permission will be sought from the donor.
- g. Pratt will seek to make the giving experience satisfying to the donor through a variety of appropriate appreciation and recognition techniques.

12. Policy Exceptions, Changes and Additions

Any exception, change or addition to approved Gift Acceptance policy must be approved and recommended by the Chair of the Development Committee in concert with the Vice President for Institutional Advancement, and the Vice President for Finance and Administration and with recommendations by the President. Such exceptions, changes and/or additions may include policies regarding the acceptance and crediting of gifts and gift instruments not outlined in this policy statement.