

**The Citadel
The Military College of South Carolina
171 Moultrie Street
Charleston, South Carolina 29409**

**Adopted by The Citadel Board of Visitors February 1, 2003
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**Policy for
Campaign Gift Counting and Crediting**

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OVERVIEW

Campaign gift-crediting policies are intended to operate in conjunction with The Citadel Foundation's gift acceptance policies currently in place. Special cases or major exceptions may be presented to the Campaign Steering Committee and The Citadel Foundation Board of Directors for evaluation and approval as needed.

In general, all gifts received by or committed to The Citadel Foundation, The Citadel Trust, The Citadel Brigadier Foundation, and The Citadel Alumni Association during the campaign counting period of January 1, 2002 to December 31, 2007 will be credited to the campaign totals. Commitments of deferred gifts will be credited to the campaign totals as outlined below. In some cases, future gifts will be discounted to present value for campaign accounting purposes.

PURPOSE

The Citadel Foundation Board of Directors is responsible for establishing and implementing policies for crediting gifts to the campaign.

These policies are established to guide all those involved in gift solicitations for the campaign, to assist in measuring progress toward campaign goals, and to help The Citadel Foundation and The Citadel in planning anticipated gift income. The policies will help to ensure that all accepted gifts have real value and are in keeping with the needs and objectives of The Citadel.

The policies are intended to:

- ◆ Be straightforward and honest.
- ◆ Fulfill all legal requirements.
- ◆ Be fair and sensitive to donors.
- ◆ Further the mission and plans of The Citadel Foundation and The Citadel.

The guidelines provided by the Council for Advancement and Support of Education (CASE), in *CASE Management Reporting Standards: Standards for Annual Giving and Campaigns in Educational Fund Raising* have served as a primary resource in developing these policies. The CASE standards will be used as a continuing reference to reach informed decisions related to gift crediting policies.

The Citadel Foundation Board of Directors is vested with the final decision to accept or reject a gift based on its gift acceptance policies.

CAMPAIGN GOAL

The preliminary financial goal of the campaign is \$100,000,000.

CAMPAIGN SOLICITATION PERIOD

The active *campaign solicitation period* is planned from January 1, 2002 to December 31, 2007. All gifts and gift commitments which meet gift-crediting policies and are initiated during this period, will be counted toward the campaign goal.

GIFT SOURCES

1. Primary sources are individuals, foundations, corporations, and organizations.
2. In accordance with the standards set up by CASE, grants from government sources will not be included in the campaign.

GIFT ACCEPTANCE AND CREDITING

The Citadel Foundation Board of Directors may accept specific gift arrangements other than those detailed below for campaign credit on the recommendation of the Campaign Steering Committee and the Executive Director of The Citadel Foundation.

The policy of The Citadel Foundation is to convert donated assets to cash as quickly as is practical with consideration given to the donor's request.

GIFT TYPES

Outright Gifts

1. *Cash and checks* are counted as of the date received by The Citadel Foundation or other Citadel entity.
2. *Securities* that are publicly traded are counted at the mean market value on the date transferred by the donor to the Foundation. Gifts of closely held stock, approved by the Foundation Board on the recommendation of the Campaign Steering Committee, deemed to be marketable and exceeding \$10,000 in value, may be credited at the fair market value placed on them by a qualified independent appraiser. Gifts of closely held stock of less than \$10,000 may be credited, with written confirmation, at the value of the most recent per-share cash purchase price or at the value placed on such securities by an independent certified public accountant who prepares accounting statements and/or tax returns for the closely held business.
3. *Real or personal property* gifts are accepted in accordance with established *Citadel Foundation Gift Acceptance Policy*. The value for campaign gift crediting of those accepted is determined by current appraisal of fair market value according to guidelines of the Internal Revenue Service. Any restrictions on sale, maintenance, administration or display must also be approved in accordance with Foundation policy. These gifts will be

counted toward campaign goals on the date the donor relinquishes control of the asset to the Foundation by deed or by physical delivery, as may be appropriate to the form of the gift.

4. *Gifts-in-kind* that help meet approved Citadel needs and for which donors qualify for a charitable gift deduction under IRS rules are accepted in accordance with Foundation policy and are counted toward the campaign goal. The value of those accepted is determined by current appraisal of fair market value for gifts valued at \$5,000 or more. Gifts of under \$5,000 may be reported at the value declared by the donor for income and/or gift tax purposes.
5. *Gifts of art* will be accepted for campaign credit and recognition only if the art is given specifically to be sold and the proceeds used for campaign purposes. Otherwise, gifts of art will be accepted and recognized in accordance with existing *Citadel Foundation Gift Acceptance Policy*. Gifts of art will be reported for campaign purposes at the value placed on the gift by an independent appraisal.

Valuing Campaign Pledges and Pledge Payments of Current Gifts of Cash/Negotiable Instruments

1. Campaign pledges are counted at their face value on the date when the donor signs the proper documentation. Where required, value will be determined by current IRS appraisal guidelines.
2. We will encourage pledge payments to be completed within 5 years or less. However, pledge payout periods that extend to 2012, five years beyond the concluding year of the campaign, regardless of the date of the pledges, will be counted toward the campaign goal.
3. Under special circumstances, the Campaign Steering Committee and The Citadel Foundation's Development Committee may extend the campaign pledge period.

Deferred Gifts

Deferred gifts are welcomed and encouraged as an important segment of The Citadel Foundation's fundraising efforts. Deferred gifts, accepted in accordance with Foundation policy, will be credited toward campaign goals on the date the donor signs the appropriate gift document. The execution by the donor of a Charitable/Deferred Pledge Agreement is the preferred method of confirming the donor's campaign commitment.

1. *Bequests* that mature during the campaign solicitation period will be counted at full market value. Any portion previously entered into the campaign total as a future pledge will be subtracted from what is credited to campaign totals.
2. *Testamentary pledges* (including will bequests and living trust provisions) with written documentation will be counted at full value for the campaign provided the donor is at least 72 years old by December 31, 2007.
3. Gifts made to establish *irrevocable life-income agreements* (including gift annuities, pooled income fund gifts and charitable remainder trusts) that name one or two income

beneficiaries generally will be counted and reported at the net present value of the gifted assets. In all cases, irrevocable charitable trusts limited to a term of ten years or less, or where all income beneficiaries are 72 years of age or older on December 31, 2007, will be counted at the face value of the gifted assets.

Generally, where the donor retains the right to remove The Citadel Foundation as a charitable beneficiary or to change The Citadel as a charitable beneficiary or to change the Foundation's share of the gift, the gift will be treated as a testamentary pledge for campaign crediting purposes.

4. Gifts of *real estate* with a retained life or term estate will be counted at the net present value of the real estate according to IRS guidelines as determined by a qualified appraisal, provided the gift complies with The Citadel Foundation's real estate gift policies.
5. Income anticipated from a *charitable lead trust* established during the campaign period will be counted at face value of the total income to be received during the first 10 years of the trust (consistent with point 3 above). Charitable lead trusts paying for a period of longer than 10 years will be valued at present value for the subsequent period.
6. *Life insurance*, in the form of wholly paid policies for which The Citadel Foundation is both owner and irrevocable beneficiary in accordance with existing policy, will be accepted and counted according to the following conditions:
 - ◆ Only "universal" and "whole-life" type insurance instruments will be accepted for gift credit toward campaign goals.
 - ◆ Paid up life insurance policies received during the campaign will be counted at the net present value on the date of gift documentation.
 - ◆ Non-paid up policies received during the campaign from donors will be counted at existing cash value. Gifts to cover premium payments will be counted in full. Increases in cash values during the campaign period will be counted toward the campaign goal.
 - ◆ To be credited to campaign totals, life insurance policies must be underwritten by companies meeting criteria comparable to those which establish the minimum ratings noted below:
 - A. M. Best Company rating of A (excellent)
 - Standard and Poor's Company rating of AA
 - Duff and Phelps, Inc. rating of AA
 - Moody's Investor Service rating of AA
 - ◆ A copy of the insurance policy naming The Citadel Foundation as owner and irrevocable beneficiary must be provided to the Foundation in order for the gift to be counted in the campaign totals.
7. Confirmed provision for The Citadel Foundation in *individual retirement accounts* or *qualified plans* by donors 72 years or older by December 31, 2007 shall be counted for campaign purposes at their face value. To be counted, such expectancies must be in the form of a specified amount or a percentage of the donor's relevant asset pool at the time the commitment is made. In the case of a retirement plan account, where the pool of assets

will be depleted over time by mandatory distributions, the donor's will must contain a provision to the effect that any shortfall in the anticipated amount passing to The Citadel Foundation will be made up from the donor's estate. The execution by the donor of a Charitable/Deferred Pledge Agreement would be the preferred method of confirming the donor's commitment.

8. *Other plans* for deferred gifts will be considered on a case-by-case basis and, if accepted, counted toward campaign totals as provided in these gift-crediting policies and the Foundation's overall gift policies.

Personal Gifts

A personal gift commitment is defined as a gift commitment from an individual or individual's family or a gift commitment made through the vehicle of the individual's personal or family foundation, or through a business entity controlled by the individual or family.

- ◆ Corporate gifts obtained by an individual are not credited to that individual.
- ◆ Gifts given in honor or recognition of an individual are not credited to that individual.
- ◆ Corporate or foundation gifts over which the individual has allocation discretion are credited to that individual.
- ◆ Corporate matching gifts will be counted in accordance with binding corporate policy; or, if there is no such policy, toward the purpose of the gift which triggered the match.
- ◆ Matching gifts will count toward individuals' pledges and will be fully credited to that individual.
- ◆ Individual donors will be recognized for the sum total of his or her personal gift and the matching gift.

Gift Restrictions

Donors may direct their contributions for specific purposes that meet the campaign requirements of The Citadel Foundation, The Citadel Trust, The Citadel Brigadier Foundation, and The Citadel Alumni Association. The language used in creating such a gift should leave sufficient leeway to apply the gift to some other purpose should the designated purpose cease to exist or no longer be feasible.

GIFT DOCUMENTATION

Documentation will be required for official crediting of gifts.

1. *Letters of intent, instruments of transfer, and pledge forms* will be used when appropriate to identify the gift arrangement and asset being given, its intended use, pledge payment schedules (where applicable) and the donor. Such forms can be highly personalized to accommodate particular gift arrangements and can be used to reassure the donor that his or her special goals and circumstances will be observed.

2. *All gift instruments referenced above must be in writing and dated and signed by the donor; no verbal pledges of support will be counted.*

GIFT ADMINISTRATION

1. All documented gifts and pledges* will be recorded by the designated member of The Citadel Foundation staff, who also will ensure that the appropriate receipting and written acknowledgments are mailed to donors in accordance with standard office practice. All pledge payment schedules will be placed in writing for confirmation of the donor's intent.
2. Pledge reminder letters*, based upon the donor's confirmed payment schedule, will be sent by The Citadel Foundation unless notified of circumstances which would make pledge reminders inappropriate.
3. Gifts will be directed to the purposes designated by donors as long as they are legal and acceptable to The Citadel Foundation.*

* with the exception of gifts made to The Brigadier Foundation

DONOR RIGHTS AND PRIVILEGES

1. Donors will be recognized and honored for their support and included in the appropriate recognition societies.
2. Donors will be advised of the impact of their gifts on The Citadel's projects and programs.
3. Donors will be urged to have all deferred gift agreements reviewed by their own legal and financial advisors.
4. Donors will be advised that obtaining a qualified appraisal to establish the fair market value of gifted assets will be the responsibility of the donor, not of The Citadel Foundation.
5. 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.
6. Before gift commitments are publicized, permission will be obtained from the donor.
7. The Citadel Foundation will seek to make the giving experience satisfying to the donor through a variety of appropriate appreciation and recognition techniques.