

GIFT ACCEPTANCE POLICY

Policy Statement

Lifelong Learning Administration Corporation(LLAC), a not-for-profit corporation organized under the laws of the State of California and exempt as a public charity under Section 501(c)(3) of the Internal Revenue Code, encourages the solicitation and acceptance of gifts for purposes that will assist the organization to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to LLAC for the sole benefit of any of its programs or supporting schools.

1. **Purpose of Policies and Guidelines** Lifelong Learning Administration Corporation Board of Directors, CEO, volunteers, and staff solicit current and deferred gifts from individuals, corporations, and foundations in support of the organization's mission. It is the purpose of these Policies and Guidelines to govern the acceptance of gifts (including grants) by Lifelong Learning Administration Corporation and to provide guidance to prospective donors and their advisors when making gifts to the organization. The provisions of these Policies shall apply to all gifts received by Lifelong Learning Administration Corporation for any of its programs or services.
2. **Restrictions on Gifts** Lifelong Learning Administration Corporation will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are not inconsistent with the Corporation's stated mission, purposes, and priorities. The organization will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the charitable purpose of LLAC; gifts that are accompanied by an improper economic benefit to the donor, such as a gift that is conditioned on a commercial preference to the donor or affiliated company; or gifts that vest the donor with inappropriate control, such as a gift that requires Lifelong Learning Administration Corporation to hire a specific person or take some other unacceptable action. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by an authorized officer, the Board of Directors or designee. Further the Board of Directors may designate a designee or committee to make the final decision.
3. **Gift Vehicles** Lifelong Learning Administration Corporation will accept gifts through the following gift vehicles:
 - Outright donations
 - Testamentary bequests
 - Charitable remainder trusts
 - Charitable gift annuities
 - Pooled income funds
 - Assets
4. **Assets** Lifelong Learning Administration Corporation is authorized to accept the following assets, subject to these Policies and Guidelines.

Cash or Cash Acceptable.
Equivalents

Charitable Pledge Acceptable if payable only in assets listed herein.
Agreements

Publicly Traded Securities	Acceptable. Lifelong Learning Administration Corporation shall promptly sell any contributed securities in accordance with Lifelong Learning Administration Corporation investment policies.
Closely-Held Securities and Other Intangibles	Acceptable. Lifelong Learning Administration Corporation shall not accept securities and other intangible assets which may not be sold, have no value, or may result in additional liability to the organization. The donated securities are recorded as a contribution at the fair value of the securities on the date received or pledged if LLAC receives verifiable documentation of committing certain securities before they are actually received. Any difference between the value of the pledge and the value of the securities subsequently received would be recorded as an additional contribution or reduction of contribution. Any proceeds received from the sale of donated securities and the fair market value on the date of the donated securities received will be recognized as a realized gain or loss. The costs to sell the securities is recorded and recognized as investment fees expense.
Donor Advised Funds Pledges	Acceptable. Pledges are acceptable by LLAC and recorded according to GAAP. Recording a pledge receivable for the use of the long-lived assets is often a large asset addition, therefore LLAC's CFO reviews these large asset additions to ensure compliance with GAAP
Tangible Personal Property	Acceptable, subject to review by the Board of Directors. Lifelong Learning Administration Corporation shall not offer to value the contributed property. The donor shall sign a statement of ownership and disclose any liens on the property. Lifelong Learning Administration Corporation will not accept any property subject to a restriction on the organization's ability to use, sell, or otherwise deal with the property as it deems necessary.
Life Insurance	Acceptable. Lifelong Learning Administration Corporation may accept the gift of a life insurance policy, provided that Lifelong Learning Administration Corporation is the owner and the irrevocable beneficiary of the policy. If the policy is not fully paid-up, the donor shall be encouraged to make annual gifts to the organization sufficient to cover additional premiums. Lifelong Learning Administration Corporation shall have the right to retain the life insurance policy, cash it in, or otherwise make use of its value.
Real Estate	Acceptable, subject to review by the Board of Directors. Lifelong Learning Administration Corporation will not accept any real estate subject to a restriction on the organization's ability to use, sell, or otherwise deal with the property as it deems necessary. The basic policy of Lifelong Learning Administration Corporation is to sell all contributed property as soon as practicable. Costs related to acceptance of gifts of real property such as legal fees, surveying costs, hazardous waste surveys, etc., will be allocated as mutually agreed upon and will not affect the recorded value of the gift. Appraisal costs are the responsibility of the donor.
In-Kind Gifts	Acceptable. In-kind contributions include gifts of supplies, equipment, services, and the like which are beneficial to LLAC Costs incurred as a result of accepting the gift, such as transportation and storage, must be approved by the CFO. LLAC often receives significant discounts on purchases made. Some of these transactions may be partly an exchange transaction and party a contribution, which could be a bargain purchase. Bargain purchases result in an inherent contribution, which is a voluntary transfer of assets in exchange for no consideration, or less

consideration than the value received. Evaluating a bargain purchase is timely but once the finance department in collaboration with the development department identifies the amount the contribution will be recorded.

When LLAC receives donated goods that plans to subsequently sell, the donated goods at their fair value on the date of the gift is recorded as a contribution and inventory (this is an exception and might occur during large events, such as Gala or campaign events).

LLAC also receives volunteer time, skilled and non-skilled. These services could be direct services in LLAC's programs, consultants, vendors or board involvement. The value of the contributed services is recognized if the service either: 1) creates or enhances assets that are not financial in nature (e.g. buildings, materials, supplies, etc., or 2) requires specialized skills, are provided by individuals with those skills, and would typically need to purchase if the services had not been donated.

Board member contributed services. LLAC only recognizes the expert services if outside the board responsibilities and records those skilled hours as donated services. However, since board members are expected to utilize their specialized skills in serving the nonprofit, their attendance at the meetings is not recognized as contribution.

Lifelong Learning Administration Corporation shall accept all bequests of real estate unless the Board of Directors determines otherwise. Lifelong Learning Administration Corporation shall review all proposed inter vivo gifts of real estate and shall consider such factors as sale and holding costs, current and expected future value, encumbrances, liabilities, title, restrictions, and any potential environmental issues prior to acceptance.

Prior to accepting an inter vivo gift of real estate, the following steps will generally be taken:

- Complete a profile of the property.
- Obtain a copy of the deed, any encumbrances, leases, and current tax bill.
- Consider obtaining a title report.
- Inspect the property.
- Consult with a real estate advisor as to marketability.
- Evaluate the potential for any environmental liabilities. Consult with an environmental engineer or comparable advisor if necessary.

5. Miscellaneous Provisions

1. **Chief Executive Officer (CEO).** Except as provided in above, the CEO shall have discretion and authority to accept unrestricted gifts, allowable under these Policies and Guidelines, of a value of any amount. As to restricted gifts, the CEO shall have discretion and authority to accept unsolicited restricted gifts of a value up to \$200,000, provided that such a gift is not inconsistent with the Corporation's stated mission, purposes, and priorities. Gifts above those amounts may be accepted only by the Board of Directors.
2. **Restrictions on Gifts.** LLAC at times might receive in-kind donations with restrictions on the use of donated assets. It is important to distinguish between legal restriction and donor restrictions placed on the LLAC's received item. Donor restrictions will have an effect on the valuation of an in-kind donation, like when evaluating the market participants or principal market. However, legal restrictions may affect the determination of the principal market, since market participants would factor those restrictions when valuing the assets in a sale. If LLAC receives an in-kind donation in bulk quantity, it will take that into account when

determining fair market value. Accounting standards state that the quality and quantity of gifts should be considered for valuation purposes.

3. **Legal counsel. The CEO** may seek the advice of legal counsel where appropriate and shall seek the advice of legal counsel in all matters pertaining to the acceptance of a gift which may have adverse legal, ethical, or policy consequences to LLAC. All prospective donors shall be urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning implications.
4. **Securing appraisals and legal fees for gifts to Lifelong Learning Administration Corporation** shall not appraise property. It shall be the responsibility of the donor to secure an appraisal where required. The organization shall not pay the legal fees of the donor. The donor shall pay any fees for appraisals and legal advice required.
6. **Transfer of In-Kind Donation** LLAC may initially receive the in-kind donation, but then transfers it to another non-profit beneficiary. If the LLAC merely an intermediary that does not have discretion over who receives the donation, then it should be accounted for as a pass-through Corporation transaction and not recorded as a contribution. However, if LLAC bears the risks and rewards of ownership of the donated goods and has the discretion with regard to the ultimate non-profit beneficiary, then a contribution should be recorded.
 1. **Valuation of gifts for development purposes.** Lifelong Learning Administration Corporation shall record a gift received by the organization at its valuation for gift purposes on the date of gift, following generally accepted accounting principles (GAAP). In-kind donations that can be used or sold will be measured at FMV and follow the established framework under U.S. GAAP, which is based on the concept of “exit price”. Valuation of in-kind donations is determined by the “highest and best use” and an “active market” value for the in-kind donation. Public information is available and when the item is of a significant value, \$10,000 or more the item will be appraised by an expert appraisal. The value is NOT what the donor identifies but LLAC will determine based on principle market value, expert appraisal or public information.
 2. **GAAP Reporting of Special Events.** Revenue is recognized on one line as “special event revenue” According to GAAP the recording of the fair market value of the donated services as revenue (and only if) the services:
 1. Create or enhance a nonfinancial asset; or
 2. Require specialized skills, are provided by persons or entities possessing those skills, and would need to be purchased if they were not donated.

For each special event there is an in-kind contribution to be recorded: 1) Auctioned items: if an item is donated to LLAC and auctioned off, LLAC records two separate transactions. LLAC will determine the fair value of the donated item and record this as contribution revenue. Once the item is auctioned off, the contribution is adjusted up or down based on the amount that was ultimately received by LLAC. LLAC records these transactions and the net amount is recorded in Financial Edge. LLAC also records and excel file that has all the detail of the auction items. The fair value is critical when identified at the time of receipt for tax purposes. LLAC files Sales Tax for taxable items and does not charge tax for auction events. Items at the special event provided to the donor or the attendees of the event are expenses as costs of Direct Benefits to Donors. Any items of significance, \$200 or more will be recorded and recognized. Noncash items to be raffled are recognized as contribution at FMV when received. The tickets paid by patrons are a separate transaction and have no relation to the value of the raffled item.

3. **Responsibility for IRS filings upon sale of gift items.** Lifelong Learning Administration Corporation is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold by Lifelong Learning Administration Corporation within two years of receipt where the charitable deduction value of the item was \$5,000 or greater. Lifelong Learning

Administration Corporation must file such form within 125 days of the date of sale or disposition of the asset.

4. **Written acknowledgment.** Written acknowledgment of all gifts made to Lifelong Learning Administration Corporation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of LLAC.