

Palo Verde College Foundation Donor Gift and Endowment Policy

A contribution made to the Palo Verde College Foundation (Foundation) may be defined as a gift or as an endowment. Generally a gift is a contribution that is consumed. An endowment is a corpus of funds that is not consumed but yields a return from investment that is consumed.

A. Foundation Donor Gift/Endowment Agreement

Donor must complete a Foundation Gift/Endowment Agreement Form. The President of Palo Verde College Foundation is available to clarify items on the form and assist the donor in making decisions relating to the criteria for awards. A prospective donor may call the Executive Assistant at (760) 921-5440 to schedule an appointment or to receive guidance over the telephone.

The Donor Gift/Endowment Agreement Form should be returned to Palo Verde College Foundation, One College Drive, Blythe, CA 92225 with a check or money order made out to the Palo Verde College Foundation. Donors who wish to make their gift by credit card will need to contact the Executive Assistant (760) 921-5440 for assistance.

Changes or revisions may be made to the Agreement at a future date at the discretion of the donor; however in the case of monies dedicated to scholarships, changes will not take effect until after an award cycle has been completed; if the scholarship has already been advertised in the scholarship brochure.

Acknowledgement of all gifts/endowments made to the Foundation and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Foundation board.

B. Types of Gifts

The following gifts are acceptable: cash, tangible personal property, securities, and real estate.

C. Restriction on Gifts

The Foundation will accept unrestricted gifts, and gifts for specific funds, programs and purposes, provided that such gifts are not inconsistent with its stated mission. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the Foundation's bylaws and Articles of Incorporation, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Donor Endowment/Gift Committee of the Foundation.

It will be the responsibility of the donor to secure an appraisal (where required) and independent legal counsel for all gifts made to the Foundation.

A gift will be recorded by the Foundation at its fair market value or present value for gift purposes on the date the gift is actually received by or made irrevocable to the Foundation.

D. Conflict of Interest

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

E. Scholarship Gift/Endowments

Scholarship Donors are encouraged to keep the criteria for awards as broad as possible to assure that the scholarship can be awarded. Designated donations shall be administered in accordance with the donor’s stipulation(s) and applicable law. The Foundation can not accept gifts/endowments which are earmarked for a specific student or which are limited to a small and restricted number of potential recipients. The suggested minimum scholarship award will be \$200.

- Scholarship Endowment Program:** A scholarship Endowment is a corpus of funds that are not consumed. Endowment fund income equals the appreciation and/or interest or dividends earned on the corpus. These funds are held in a conservative investment program supervised by the Foundation Board. The following example shows how fund income available for scholarship awards will be determined for all non-Title V Endowment Challenge Grant funds.

<i>Year End</i>	<i>Example:</i>						
	1	2	3	4	5	6	7
<i>Value of Fund (Shares x NAV)</i>	16,000	17,000	16,000	18,000	14,500	15,000	17,000
<i>Less: Fund Corpus</i>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
<i>Fund Income Available for Award*</i>	1,000	2,000	1,000	3,000	-0-	-0-	2,000

**Fund Income Available for Award* is defined as an amount equal to the total value of the fund on day of withdrawal (including fund appreciation, any retained interest and dividends) minus the Fund Corpus.

Unique management is required for donor contributions that have been matched by the Federal Government under the Title V Endowment Challenge Grant. The following example shows how fund income available for scholarship awards will be determined.

<i>Year End</i>	<i>Example:</i>					
	1	2	3	4	5	6
<i>Value of Fund (Shares x NAV)</i>	31,500	32,288	33,095	32,307	33,922	33,776
<i>Less: Fund Corpus</i>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<i>Endowment Fund Income</i>	1,500	2,288	3,095	2,307	3,922	3,776
<i>Less: Aggregate Amount of Income Previously Withdrawn</i>	<u>- 0</u>	<u>- 750</u>	<u>- 1,519</u>	<u>- 2,307</u>	<u>- 2,307</u>	<u>- 3,115</u>
	1,500	1,538	1,576	0	1,615	661
 <i>Fund Income Available for Award **</i>	 750	 769	 788	 0	 808	 331

****Endowment Fund Available for Award** is defined as 50% of an amount equal to the total value of that fund, (including fund appreciation and retained interest and dividends), minus the endowment fund corpus, minus the aggregate amount of income previously withdrawn.

Endowment fund income will be determined by the Investment Committee and will be based on the investment fund’s net asset value (NAV) as of the last day of June of each year. “Fund Income Available for Award” will be determined by the Donor Gift/Endowment Committee and will be based on the endowment fund income as of the last day of June of each year.

a. Designated Scholarship Endowments

The suggested endowment level is \$15,000.

A designated scholarship endowment may be established in the name of the donor or in another name specified by the donor when the value of an endowment corpus reaches a minimum of \$15,000 in cash or marketable securities. The corpus of the endowed account is defined as that amount originally endowed by the donor plus any future endowed amounts contributed to the fund by the donor. If the donor specifies that a certain designated percentage of the appreciation, dividends and/or interest from the account are to become part of the endowed portion annually to grow the endowment, that amount will also become part of the corpus of the fund and may never be spent.

Scholarships awarded through the Designated Scholarship Endowment fund program will be given under the name specified by the donor. Donor may also establish criteria for the award.

The endowment will be allowed to grow for the first year or until such time that the “Fund Income Available for Award” is sufficient to make the minimum award specified by the donor.

b. Undesignated Scholarship Endowments .

An undesignated scholarship endowment may be established in the name of the donor or in another name specified by the donor with an initial minimum gift of \$1,000 in cash. A donor may add to the initial gift at any time. When the total donor gift (excluding appreciation and/or interest or dividends) equals \$15,000 in cash or marketable securities a Designated Scholarship Endowment may be established in accordance with the terms described under the heading (E.1.a.).

Scholarships awarded through the Undesignated Endowment Scholarship fund program will be given under the name of “Palo Verde College Foundation” and the award criteria will be established by the Foundation.

2. Scholarship Gift Program

a. Designated Scholarship Gifts

To establish a designated scholarship gift, the donor must gift at least \$1,000 in cash and commit to make scholarship gifts from this account for a minimum of three years. Scholarships awarded through the Designated Gifts program will be given under the name specified by the donor. Donor may also establish criteria for the award.

The minimum scholarship award will be \$200. The donor may stipulate that one or more awards at or above that level will be made each semester or annually.

Designated scholarship gift accounts that fall below the \$200 level will have their balances swept into the Unrestricted Operations Fund only after the donor has been contacted and given an opportunity to bring the balance back up to the \$1,000 minimum level. If the awards of a scholarship fund were to be above \$200, and the account balance is insufficient to make the awards, the donor will be contacted and given the opportunity to make a contribution to the fund. If no contribution is made or a contribution is made that is not sufficient to make the designated award/s, the fund will be liquidated and the balance swept into the Unrestricted Operations Fund.

Because the scholarship brochures are published at least a semester before the selection process begins, it is important that donors maintain sufficient balances in their scholarship accounts. Scholarships will not be included in the brochure if at the time of publication the balance is below what is required to make an award at the appropriate time.

b. Undesignated Scholarship Gifts

One-time scholarship gift awards will be handled through the Unrestricted Operations Fund. The award may be made in the name of the donor or his/her business, or in honor or memory of a person designated by the donor. The minimum award remains \$200.

3. Selection of Scholarship Recipients

The Palo Verde College Foundation Scholarship Selection Committee may be composed of faculty, staff, donors and Foundation directors. The committee meets in the spring to select qualified scholarship recipients. Scholarships are often coordinated with a student’s overall financial aid package. Students are requested to complete a general scholarship application for a specific scholarship. The Scholarship Committee evaluates the student’s qualifications for the various scholarships offered. Donors are notified annually of the recipients of their respective scholarships.

4. Disbursement of Scholarship Checks

The student will have his/her scholarship check credited to his/her account at the Palo Verde College Cashier’s Office upon proof of enrollment for the upcoming semester. If the student does not enroll for courses in the academic year following the scholarship award, the scholarship is forfeited and the donors will be contacted. Any funds unused by the student at the end of the academic year will be swept into the Unrestricted Operations Fund.

F. Non-scholarship Gifts/Endowments

Donors are encouraged to keep the criteria for awards as broad as possible. Designated donations shall be administered in accordance with the donor’s stipulation(s) and applicable law.

- 1. Non-Scholarship Endowment Program:** A non-scholarship endowment is a corpus of funds that are not consumed. Endowment fund income equals the appreciation and/or interest or dividends earned on the corpus. These funds are held in a conservative investment program supervised by the Foundation Board. The following example shows how fund income available for awards will be determined for all non-Title V Endowment Challenge Grant funds.

Example:

<i>Year End</i>	1	2	3	4	5	6	7
<i>Value of Fund (Shares x NAV)</i>	16,000	17,000	16,000	18,000	14,500	15,000	17,000
<i>Less: Fund Corpus</i>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
<i>Fund Income Available for Award*</i>	1,000	2,000	1,000	3,000	-0-	-0-	2,000

**Fund Income Available for Award* is defined as an amount equal to the total value of the fund on day of withdrawal (including fund appreciation, any retained interest and dividends) minus the Fund Corpus.

Unique management is required for donor contributions that have been matched by the Federal Government under the Title V Endowment Challenge Grant. The following example shows how fund income available for awards will be determined for all Title V Endowment Challenge Grant funds.

Example:

<i>Year End</i>	1	2	3	4	5	6
<i>Value of Fund (Shares x NAV)</i>	31,500	32,288	33,095	32,307	33,922	33,776
<i>Less: Fund Corpus</i>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
<i>Endowment Fund Income</i>	1,500	2,288	3,095	2,307	3,922	3,776
<i>Less: Aggregate Amount of Income Previously Withdrawn</i>	<u>- 0</u> 1,500	<u>- 750</u> 1,538	<u>- 1,519</u> 1,576	<u>- 2,307</u> 0	<u>- 2,307</u> 1,615	<u>- 3,115</u> 661
<i>Fund Income Available for Award **</i>	750	769	788	0	808	331

***Endowment Fund Available for Award* is defined as 50% of an amount equal to the total value of that fund, (including fund appreciation and retained interest and dividends), minus the aggregate amount of income previously withdrawn.

Endowment fund income will be determined by the Investment Committee and will be based on the investment fund's net asset value (NAV) as of the last day of June of each year. "Fund Income Available for Award" will be determined by the Donor Gift/Endowment Committee and will be based on the endowment fund income as of the last day of June of each year.

a. **Designated Non-Scholarship Endowments**

The suggested endowment level is \$15,000.

A non-scholarship endowment designated to benefit a specific program, department, or college project may be established in the name of the donor or in another name specified by the donor when the value of an endowment corpus reaches a minimum of \$15,000 in cash or marketable securities. The corpus of the endowed account is defined as that amount originally endowed by the donor plus any future endowed amounts contributed to the fund by the donor. If the donor specifies that a certain designated percentage of the appreciation, dividends and/or interest from the account are to become part of the endowed portion annually to grow the endowment, that amount will also become part of the corpus of the fund and may never be spent.

Awards given through the Designated Non-Scholarship Endowment program will be given under the name specified by the donor. Donor may also establish criteria for the award.

b. **Undesignated Non-Scholarship Endowments**

An undesignated non-scholarship endowment may be established in the name of the donor or in another name specified by the donor with an initial minimum gift of \$1,000 in cash. A donor may add to the initial gift at any time. When the total donor gift (excluding appreciation and/or interest or dividends) equals \$15,000 in cash or marketable securities a Designated Non-Scholarship Endowment may be established in accordance with the terms described under the heading (F.1.a.).

Awards given through the Undesignated Non-Scholarship Endowment fund program will be given under the name of "Palo Verde College Foundation" and the award criteria will be established by the Foundation.

2. **Non-Scholarship Gift Program:**

a. **Designated Non-Scholarship Gifts**

To establish a designated non-scholarship gift, the donor must gift at least \$1,000 in cash and commit to make gifts from this account for a minimum of three years. A non-scholarship gift designated to benefit a specific program, department, or college project may be established in the name of the donor or will be given under the name specified by the donor. Donor may also establish criteria for the award.

The minimum award will be \$200. The donor may stipulate that one or more awards at or above that level will be made each semester or annually.

Designated non-scholarship gift accounts that fall below the \$200 level will have their balances swept into the Unrestricted Operations Fund only after the donor has been contacted and given an opportunity to bring the balance back up to the \$1,000 minimum level. If the awards of a fund were to be above \$200, and the account balance is insufficient to make the awards, the donor will be contacted and given the opportunity to make a contribution to the fund. If no contribution is made or a contribution is made that is not sufficient to make the designated award/s, the fund will be liquidated and the balance swept into the Unrestricted Operations Fund.

b. Undesignated Non-Scholarship Gifts

Non-scholarship gifts of any amount may be made to the Unrestricted Operations Fund at any time. The award may be made in the name of the donor or his/her business, or in honor or memory of a person designated by the donor. The minimum award remains \$200.

G. Statement of Spending Policy

With the exception of funds held in the Title V Endowment Challenge Grant Program, the Foundation is expected to disburse 4% of endowment principal market value on an annual basis. At the beginning of each fiscal year (July 1), the Investment Committee will apply a rate of 4% against the endowment principal market value, this will be the amount for making grants/scholarships for the next fiscal year. Expenditures for funds held in the Title V Endowment Challenge Grant Program will be disbursed in accordance with Title V Endowment regulations but will not exceed 4% of the beginning fund value .

H. Operational Costs

To defray Foundation operational costs, a fee may be established by the Donor Finance Committee on an annual basis.

1. **Pass-Through Accounts:** Funds managed in pass-through accounts will not earn interest. All interest earned on these accounts will go to the Foundation as a management fee and will be swept into the Foundation Unrestricted Operations Fund. This will compensate the Foundation for the administration of those funds which have considerable check-writing and deposit activity.
2. **Bequests of Real Property:** In instances of bequests of real property, wherein the bequest is designated to benefit a specific program, department, scholarship, or college project, and where the said bequest requires Foundation efforts and expenses to clean up, appraise, advertise or sell the real property, an initial fee of five (5) percent may be charged, and any actual costs to the Foundation that are not of a volunteer nature in preparing the sale, legal or other professional services, advertising, appraising, or selling the property will be charged to the proceeds after the sale of the real property, and shall be in addition to the five (5) percent initial gift fee. The five (5) percent initial gift fee

will be deposited into the Unrestricted Operations Fund. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. Prior to acceptance of the real property, the gift shall be approved by the Board of Trustees and the Foundation's legal counsel.

H. Review and Revision

The Board of Directors of the Foundation reserves the right to amend the Donor Gift/Endowment Policy at any time they deem such amendment to be necessary or to comply with changes in federal law.

In Witness Hereof, the Board of Directors of Palo Verde College Foundation has approved the revised Donor Gift/Endowment Policy by resolution adopted on September 20, 2007.

Palo Verde College Foundation

By: _____
Jill Johnson, President

By: _____
James W. Hottois, Secretary