



University Administrative Policy

Policy Name: Gift Acceptance Policy

Responsible Office: Salem State University Alumni Association and Foundation, Inc.

Originator of the Policy: Advancement

Effective Date: 5/11/2015

Revision History: 2/12/2020, 2/8/2021, 6/8/2024

Web Link: <https://records.salemstate.edu/policies>

1. Rationale

This policy (the “Policy”) is designed to assure that all gifts to, or for the use of, the Alumni Association and Foundation (the “AAF”) are structured to benefit the AAF (for the ultimate benefit of the University) while ensuring fidelity to donor intent. Because some gift situations may be complex, or more costly than beneficial, or restricted in a manner not in keeping with the AAF’s goal of benefiting the University, this policy has been developed to outline the procedures for assessing and accepting gifts to the AAF for the University’s benefit.

2. Statement of Policy

See end of document for the full policy including a table of contents.

3. Scope

This policy shall govern the administrative policy development process for all divisions, departments, and offices under the jurisdiction of the Salem State University AAF’s executive director.

4. Fiscal Considerations

	Direct Costs / Savings / Revenue Generation	Indirect Costs / Savings / Revenue Generation
Initial Implementation	None	None
Ongoing	None	None

5. Responsibilities

Responsible Party	List of Responsibilities
Salem State University Alumni Association and Foundation Board of Directors	Overall responsibility for assuring compliance with the requirements of this Policy relating to the acceptance of gifts.

6. Policy Enforcement

Violation(s)	It shall be a violation of this policy to promulgate any applicable policy or take any action in contravention of the requirements outlined herein.
Potential consequences	Any policy subject to the terms of the Policy on Administrative Policies not developed through the proper procedures outlined herein shall not be considered official Salem State University policy.
How to report	Contact designated policy officer

7. Reference Documents

Policy or Document	Web Address
Gift Acceptance Policy	https://records.salemstate.edu/policies).

8. Contact(s)

Subject	Office or Position	Telephone Number	Email
Policy Clarification	Cheryl Webster, Vice President, Advancement and Executive Director of Salem State Alumni Association and Foundation, Inc.	978.542.7591	ccrouse@salemstate.edu

9. Effective Date: Initiated May 11, 2015. Amended and restated as of February 12, 2020; Amended and restated as of February 8, 2021; Amended and restated as of 6/8/2024.

10. Dissemination: Posted on the university web site.

11. Review Cycle: Annually



GIFT ACCEPTANCE POLICY AND GUIDELINES FOR SALEM STATE UNIVERSITY ALUMNI ASSOCIATION AND FOUNDATION, INC.

Responsible Office: Advancement
Responsible Officer: Executive Director, Salem State University
Alumni Association and Foundation, Inc.

Approved by Salem State University Foundation, Inc.: May 11, 2015
Amended and restated as of February 12, 2020; February 8, 2021;
Amended and restated by Salem State University Alumni Association and
Foundation, Inc. as of 6/8/2024

(Supersedes all previously approved related documents)

June 2024

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I. INTRODUCTION

The Salem State University Alumni Association and Foundation, Inc. (the “AAF”) was incorporated in 1977 as a not-for-profit organization. Classified as a tax-exempt 501(c)(3) organization by the Internal Revenue Service, the AAF exists to secure and manage private gifts for the benefit of Salem State University (the “University”). The AAF has been recognized by the University as the primary and preferred recipient for charitable gifts to or for the benefit of the University. Working with the University and other partners, the AAF operates under the leadership of a board of directors comprised of alumni and community leaders who take their roles seriously as stewards of contributed private funds.

This policy (the “Policy”) is designed to ensure that all gifts to, or for the use of, the AAF are structured to benefit the AAF (for the ultimate benefit of the University) while ensuring fidelity to donor intent. Because some gift situations may be complex, or more costly than beneficial, or restricted in a manner not keeping with the AAF’s goal of benefiting the University, this policy has been developed to outline the procedures for assessing and accepting gifts to the AAF for the University’s benefit.

The guidance in this policy concerning the reporting of gifts for tax purposes is based on the law at the time this policy is adopted. Dollar thresholds (e.g., \$5,000 threshold applicable to non-cash gifts, etc.), reporting requirements to the Internal Revenue Service and other matters relating to the tax treatment of charitable contributions may be affected by subsequent legislative, regulatory and judicial developments. To the extent the Policy is inconsistent with applicable tax and other legal requirements, such requirements shall override inconsistent provisions in the Policy.

II. GUIDING PRINCIPLES

While the procedures set forth herein are detailed and often specific to the type of gift contemplated, they shall be interpreted in light of two overriding principles:

Principle 1: The AAF seeks to accept only those gifts that have a reasonable expectation of supporting the University’s mission.

Principle 2: The AAF seeks to accept only gifts that are in the interest of the donor. An assessment of the donor’s “interest” shall include the donor’s financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The AAF shall not encourage any gifts that appear to be inappropriate in light of the donor’s personal or financial situation.

Principle 3: The AAF will not accept gifts that compromise the academic freedom of the University community or could inflict damage to the University’s reputation, standing, or integrity, or be contrary to University values,

While this document is intended to provide guidance to AAF and University personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring

that the proposed gift furthers their charitable, financial and estate planning goals. Therefore, donors are to be encouraged to seek the advice of independent legal and financial counsel in the gift planning process. It is within the province of neither the AAF nor its staff or University employees to give legal, accounting, tax, or other advice to donors or prospective donors.

III. ETHICS POLICY & CONFLICTS OF INTEREST

In carrying out the responsibilities outlined in this document and all activities associated with philanthropy, individuals involved will adhere to the highest level of ethical standards. The AAF Board of Directors and University employees will use the nationally adopted Donor Bill of Rights issued by the Council for the Advancement and Support of Education (CASE) as a guide. CASE is a nationally recognized organization that establishes and publishes reporting and valuation standards for gifts.

The AAF shall promote gifts that serve to fulfill its mission and comply with established legal and ethical fundraising laws and standards. To this end, the AAF reserves the right to refuse gifts that do not fulfill its mission or that violate any legal or ethical law or standard.

IV. GIFT ACCEPTANCE POLICY

A. Background and Authority

Overall responsibility for assuring compliance with the requirements of this Policy is assigned to the AAF. The AAF may delegate certain responsibilities relating to the recommendation of acceptance of gifts to the Gift Acceptance Committee (the "Committee"). In appropriate cases, as set forth more particularly below, gift proposals shall be further screened by University leadership, the AAF's legal advisors, the Audit/Finance Committee, the Investment Committee, and/or the full AAF Board.

B. Changes to Policy

The terms and conditions of this Policy are subject to change at any time. Nothing in this Policy is intended to be construed, nor shall be deemed to create, any right or remedies in any third party, including, but not limited to, any donor to the AAF or University. If applicable, any rights and obligations with respect to a particular donor will be set forth in the gift instrument executed in connection with the gift.

C. Gift Acceptance Committee

The Gift Acceptance Committee is charged, by the AAF Board of Directors, with the oversight of the review process of gifts of significant risk, to ensure that such are in accordance with the mission and priorities of Salem State University, and so that each is appropriately screened, administered, accounted, and stewarded. Once a gift has been accepted, Advancement is responsible for recording and acknowledging it. Gifts to the Frederick E. Berry Library & Archives come under the overarching guidance of the Gift

Acceptance Policy. The Gift Acceptance Committee shall consist of the following members:

- Executive Director of the AAF (non-voting)
- Chair of the AAF Board
- Chair of the AAF Advancement Committee
- Chair of the AAF Audit/Finance Committee
- Alumni Trustee of the Board of Trustees
- One (1) representative of the University administration, designated by the President of the University (non-voting if not a member of the AAF Board)

1. Committee Meeting

The Committee shall meet annually to review the policy and on an ad hoc basis as necessary, at the request of the Executive Director of the AAF.

2. Quorum Required

The Committee must have a quorum (a majority) in attendance in order to vote to approve or decline gifts. Attendance may be considered to be in person or participating via call or video conference.

3. Majority Vote Required

Decisions must be made by a majority vote of the Committee. If a majority decision cannot be reached, the gift will be declined or the Committee may, in its discretion, determine whether a gift will be forwarded to the full AAF Board for review and final decision.

The Gift Acceptance Committee shall review all gifts of significant risk. All such gifts of significant risk shall be documented by a written agreement between the donor and the AAF and must be approved by the Committee before the AAF may accept the gifts. Gifts that are determined to be too restrictive, i.e., those that are not consistent with Salem State University's goals or not able to be managed, may be declined.

Gifts of significant risk may include:

- Non-publicly traded securities
- All gifts of real property
- Gifts of personal property if not usable by the AAF or the University
- All gifts of real or tangible property subject to donor restrictions regarding the disposal of such property
- Any bargain sale of property where a donative element is associated with the acquisition of property by the AAF below its fair market value
- Gifts with significant donor restrictions
- All gifts of unusual items or gifts of questionable value

All gifts that risk the assets or reputation of the University or AAF, or violate the law

D. Special Situations

1. Gifts in Support of New Programs or Positions

Any gift that commits the University and its resources to create or support a new program or position (e.g., an endowed academic chair, fund, new academic program, etc.) shall require the approval of the President of the University and the Chair of the Board of Trustees, and as the situation may require, further consultation with the Executive Committee of the Board of Trustees, prior to any review by the Gift Acceptance Committee.

2. Gifts in Support of Research Projects and Activities

In the case of a gift offered in support of a specific professor's projects or research activities, the professor shall disclose any business or pecuniary ties that exist between the donor and the professor to the Salem State University Vice President of Finance and Facilities for evaluation. If any business or pecuniary ties are identified, acceptance of the gift would require approval from the Gift Acceptance Committee. If an exception is granted for acceptance of the gift, the AAF staff will inform the head of the department in which the professor holds his or her appointment, to exercise oversight of the gift to ensure the conformance of gift utilization with this policy.

3. Conditional Gifts

Conditional gifts are those gifts that, because of some qualifier or restriction, are not completed until some specified condition is met. Conditional gifts may, for example, commit the AAF and University to act within a specified time or obtain a certain level of total gifts for a project from other donors. Time limits for holding a conditional gift shall be reviewed by the Gift Acceptance Committee. Gift acceptance agreements must specify a time period for meeting the conditions for the gift and must also indicate what will happen to the gift if conditions are not met. An acknowledgment of a conditional acceptance will be sent to a donor within 10 days of approval by the Gift Acceptance Committee. A second acknowledgment letter will be sent when conditions have been satisfied.

4. Anonymous Gifts

The AAF will not accept completely anonymous gifts. The donor's identity must be disclosed to the Executive Director of the AAF and the President of the University, who shall endeavor to maintain the donor's anonymity (except upon a request from the University's Board of Trustees or as required by law). Partially anonymous gifts

that maintain a donor's anonymity for recognition purposes are acceptable.

5. Refunding of Gifts

The refunding of gifts, unless the gift instrument requires, presents legal issues that may require review by the Attorney General and must be reviewed by a knowledgeable attorney. In approved cases, the unexpended amount of the gift will be returned to the donor and gift credit and tax documentation will be addressed.

V. USE OF LEGAL COUNSEL

The AAF shall seek the advice of legal counsel in matters relating to acceptance of gifts as appropriate. Review by counsel is recommended for:

- Closely held stock transfers that are subject to restrictions or buy-sell agreements;
- Documents naming the University or the AAF as Trustee;
- All gifts involving contracts, such as bargain sales or other documents requiring the University to assume an obligation;
- All transactions with potential conflict of interest that may invoke IRS sanctions.
- All gifts of significant risk.

VI. DEFINITIONS

Gifts to the University may be in the form of outright gifts, pledges or deferred commitments. A memorandum of understanding, letter of intent and/or endowment terms between the AAF and donors must be created for all gifts for which designated uses are intended. *Salem State University Policy and Procedure – Naming Opportunities and Gift Recognition* shall serve as the guide for approval and acceptance of gifts that result in the naming of a center, program, academic unit, or physical facility. *Salem State University Alumni Association and Foundation, Inc. Reinvestment Fee Policy* shall serve as the guide for all gifts for which designated uses are intended. Endowed funds shall also include the naming of the endowment holder (i.e., AAF.). Gifts are irrevocable (except for commitments made by will) and are considered voluntary transfers of money or other property to the AAF by a donor who has no expectation for compensation for the transaction.

A. Current Gifts

Current gifts are gifts with full use of the entire value of the assets available to the University immediately. Common types of current gifts include:

1. Cash and Cash Equivalents

Cash and cash equivalents include currency, checks, electronic fund transfers (EFT), U.S. payroll deposits, and credit card contribution.

Mailed cash gifts are reported the date the cash is received and date-stamped in the Advancement Services department. If gifts are transferred via EFT or wire, the date of the gift is the date that the money is transferred into the AAF's bank account. When gifts are received by credit card, the date of the gift is the date the credit card charges are submitted by the AAF to the credit card processor.

2. Publicly Traded Securities

Publicly traded securities include securities that are traded on an exchange or other publicly reported market; it is the policy of the AAF to sell these securities as expeditiously as possible. Gifts of securities take the form of publicly traded securities, i.e. stocks, bonds and mutual funds. Gifts of securities are valued at the average of the high and low price of the security as of the date of the gift.

Mailed gifts of securities (physical certificates) are reported the date of the postmark on the envelope. Certificates of stock and stock power must be mailed separately. Hand delivered securities are reported the date they are received by the AAF. Book-held securities are reported the date they are received in the AAF's brokerage account. If the security is not traded on that date, the date of the most recent prior sale will be used for valuation.

3. Closely Held Securities

Closely held securities include securities not traded among the public. The AAF shall examine any issue that is not publicly traded prior to its acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. The Gift Acceptance Committee must approve gifts of non-publicly held securities prior to acceptance.

4. Real Property

Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property, and mineral interests. In general, the AAF's policy is to dispose of all gifts of real estate as expeditiously as possible. If it is the intention of the donor that the AAF not immediately dispose of real property, an agreement must be made in writing between the AAF and the donor before such property may be accepted by the AAF.

If the donor wishes to gift real property during his/her lifetime, the Gift Acceptance Committee will consider the gift only after a thorough examination of the criteria listed below:

a. Market Value and Marketability. The Gift Acceptance Committee must receive a current appraisal (not older than 60 days) of the fair market value of the property and a description of the gifted interest in the property. The appraisal and other information must indicate clearly and convincingly that there is a market for the property and that the property can be sold within a reasonable period of

time. A representative of the AAF or its property management affiliates shall conduct a site visit of the property.

b. Potential Environmental Risks. All proposed gifts of real property, including gifts from estates, must be tested to be in conformity with state and federal laws, including EPA regulations, and the donor must provide satisfactory evidence of environmental compliance. The AAF will require that all gifts of an interest in mining or oil and gas properties (and any other gift which the AAF deems appropriate) to be inspected by a properly licensed or certified professional as they may be required to demonstrate due diligence and care in accepting the property as free from contamination. Any such inspection shall be documented properly for legal reasons.

c. Limitations and Encumbrances. No gift of real estate may be accepted until all mortgages, deeds of trust, liens, and other encumbrances have been discharged.

d. Carrying Costs. The existence and amount of any carrying costs, such as property owner's association dues, transfer charges, taxes, and insurance, must be disclosed.

Gifts of real property qualifying for a charitable deduction to the donor shall be valued by using the fair market value of the property as determined by a qualified appraisal. The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The donor should consult with a tax advisor to ensure any necessary IRS forms are properly executed in connection with the deed of gift. The donor shall pay the costs associated with the conveyance and delivery of the gift. If the AAF should sell or otherwise dispose of the donated property within three years of the date of the gift, the AAF must file an information return with the IRS on IRS Form 8282 and send a copy to the donor.

5. Personal Property

Personal property includes jewelry, works of art, patents, copyrights, antiques, stamp and coin collections, furniture, rare books, manuscripts, or any other item that has a determinable value. The Gift Acceptance Committee may approve such donations only after a review indicates that the property is either readily marketable or needed by the University. It is the policy of the University to sell or otherwise dispose of all gifts of personal property as expeditiously as possible, unless the items can be used by the University in a manner related to learning, discovery or engagement. The University's intention to either resell the property or retain and use it to further its charitable activities shall be communicated to the donor in writing at the time of the gift. The AAF will comply with IRS standards regarding the length of time it must hold such property before selling.

6. Gifts-in-kind

Gifts-in-kind to be held and used by the University, for which donors are eligible for a charitable gift deduction, in accordance with current IRS regulations, should be reported at the fair market value placed on them by an independent, expert appraiser.

- a. The cost of appraisals is born by the donor, unless agreed upon before acceptance.
- b. Only those gifts-in-kind that can be converted to cash, or items such as equipment, books, artworks, etc. that can be used in support of learning, discovery or engagement should be reported.
- c. Salem State University's *In-Kind Contribution Form* must be fully completed.
- d. Receiving departments must agree to use the in-kind materials before the gift is accepted and the Executive Director of the AAF or their designee must approve the acceptance of in-kind gifts valued in excess of \$5,000.
- e. Depending on the appraised value of the donated item, IRS Form 8283 may be submitted to the Executive Director of the AAF, or their designee, for signature.
- f. If the donor does not supply a value, someone in the receiving department who has knowledge of the general type of item should provide a value for internal purposes only. Internal values of donated items are not to be shared with donors and may not be used to provide tax documentation values.

B. Pledges

Pledges are an expression of the donor's good faith intent to give, or cause to be given, a specific dollar amount according to a fixed time schedule. This schedule may not exceed five (5) years for any one gift, unless approved in advance by the Executive Director of the AAF. Annual Fund pledges are usually for amounts less than \$5,000 payable within one year. All pledges other than Annual Fund pledges are required to be in writing. In most cases pledges are considered revocable. All pledges will be considered non-binding commitments unless there is a written instrument executed by the donor and agreed to by the AAF and the University, which states in unambiguous terms that it is intended to be a legally binding commitment.

The following minimum information must exist to substantiate a pledge:

- The amount of the pledge must be clearly specified;
- There must be a clearly defined payment schedule;

- The donor may not prescribe contingencies or conditions, aside from general designations of the gift;
- The donor must be financially capable of making the gift;
- Changes to original pledges must be documented in writing (including electronic submission).

Pledges that do not contain this minimum information must have prior approval by the AAF Gift Acceptance Committee.

- Anticipated corporate matching gifts will not be included in pledge amounts. Only the gift amount controlled by the donor is to be pledged.
- Pledges and expected corporate matching gifts will qualify for donor recognition in appropriate giving level groups.
- Under- and over-paid pledges (as the result of rounding, gift valuation or incremental giving) will be noted as paid in full when the donor's intents are clearly to pay commitments in full.
- Before defaulted pledges of \$50,000 or more are written off, pledge deactivation requests must be reviewed and approved by the Executive Director of the AAF, in consultation with the AAF Controller and Chair of the Audit/Finance Committee.

C. Deferred Gifts

Deferred gifts are made irrevocably (with the exception of Unrealized Bequests, detailed below) and the University receives an immediate interest in the donated property; however, use of the property is delayed until some future time specified in the gift agreement (often after the death of one or more non charity beneficiaries). Common types of deferred—or planned—gifts include:

1. Charitable Bequests

Donors can make charitable bequests to the AAF in wills or living trusts. *Realized bequests* (Gifts by Will) are treated as current gifts or deferred gifts depending on the nature of the property bequeathed to the AAF. *Bequest notifications* (Unrealized Bequests) are revocable inclusions of the AAF in the donor's will and may be recorded as conditional pledges but are not recorded in external financial statements as pledges. Campaign accounting, however, may allow for exceptions when written documentation from the donor, their attorney or financial advisor outlines the source of the gift and its assumed value.

2. Charitable Gift Annuity

A charitable gift annuity is a contract between the AAF and the donor, not a trust agreement, whereby the donor makes an initial payment of cash or marketable securities to the AAF and the AAF agrees to pay the donor or designee a fixed

annuity for the rest of their lifetime. The minimum acceptable contribution to establish a charitable gift annuity is \$25,000. The AAF will only issue charitable gift annuity contracts in those jurisdictions in which it is registered to issue such contracts or where such registration is not required.

3. Charitable Remainder Annuity Trusts (CRATs)

CRATs are established by a donor to provide distributions, at least annually, to one or more entities of which at least one is not a charity, with the remainder transferring to the University after a specified period of time often after the death of the donor and/or another entity. Distributions are a set amount determined in accordance with the value of the initial assets placed in the trust. Annuity trusts provide the tax advantages of current contributions with the security of fixed, lifetime incomes, generally for the donors and their spouses. The agreed-upon annual payments remain unchanged regardless of how the investments perform. CRATs are managed by an external vendor.

4. Charitable Remainder Unitrusts (CRUTs)

CRUTs are similar to CRATs except the distribution varies (usually it is a fixed percentage of the fair market value of the trust). CRUTs are managed by an external vendor.

5. Charitable Lead Trusts (CLTs)

CLTs provide an income stream to the University for a specified period of time. The AAF receives the income from the trust and applies it to the specific project, as defined by the donor and the AAF. At the end of a set period of time, the principal is then returned to whomever the donor designates.

6. Life Insurance

Gifts of life insurance are a form of charitable contribution in which the donor or insured designates the AAF as the owner and/or beneficiary of a new or existing life insurance policy. Life insurance gifts can be made when, (1) the AAF is named beneficiary of a life insurance policy (and does not own the policy), or (2) the AAF receives a gift of life insurance and the AAF is beneficiary and owner of the policy. Life insurance is valued at the cash surrender value at the time of the gift. Subsequent premium payments are considered gifts when received by the AAF. Authority to accept gifts of life insurance is held by the Executive Director of the AAF, in consultation with the Senior Director of Advancement.

The following criteria apply to insurance gifts when the AAF is owner and beneficiary:

- a. The premium must be a lump sum payment or annual premium payments for not more than 10 years;
- b. The policy may not be a term insurance policy;
- c. The donor agrees to be responsible for making additional premium payments if the interest rates fall below expectations and additional premium payments are required;
- d. The minimum face value for acceptance of a gift of insurance when administrative handling by the AAF is required is \$100,000.

The donor must decide whether naming the AAF as a beneficiary only or as owner and beneficiary is in the best interests of the donor. The AAF recommends the donor seek legal and financial counsel before making this decision.

If the donor is unable, for any reason, to make the gifts to cover premium payments and there are no dividends to cover payments, the AAF will decide the future of the policy based upon several factors, which may include age of the donor, death benefit, amount of paid-up insurance, amount of premium, number of premiums remaining. The Gift Acceptance Committee may decide to:

- a. Cease premium payments and consider the policy paid at a current level of insurance.
- b. Surrender the policy for the cash value and use the funds as designated by the donor.
- c. Use AAF resources to pay the insurance premium.

7. Retirement Plan Beneficiaries

Donors may name the AAF as the beneficiary of retirement plan proceeds.

8. Pooled Income Funds

Pooled income funds are sometimes called a charitable mutual fund, as it allows the donor to combine gifts with those of other individuals to participate in life income trusts with smaller initial gifts. The annual income is based upon the donor's investment in the fund and varies with the actual earnings in the fund.

9. Life Estate

Donors may receive a sizable charitable income tax deduction by making a gift to the AAF of their personal residence or farm, while retaining full use and rights to the property during their lifetime.

10. Revocable Trust

Through a written agreement, the donor transfers assets to a trustee. Income is paid to the donor for the term of the trust.

D. Grants

Grants are revenues received by the AAF from individuals, corporations, foundations, and other sources, for the support of University programs and projects. Grants fall into two main categories:

Those grants received in accordance with the terms of approved grant proposals or for specific programs and projects. Commitments of the AAF's or University's resources or services are made as a condition of the grant, and an accounting of the use of the funds may be required by the grantor. New projects, programs and positions shall follow guidelines outlined in Section IV., D. *Special Situations*, subsections 1 and 2.

E. Endowments

An endowment account will be established for participation in the endowment pool when a minimum of \$50,000 is received by a donor who expresses the desire, through their specific written communication that the donation be treated as endowed funds, i.e. a permanent fund, rather than spent on a current basis.

1. If an initial gift is less than \$50,000 but a pledge is made to reach that threshold, then distributions from the endowment pool will be reinvested until the minimum amount is met. However, if the minimum threshold of \$50,000 is not reached within five (5) years of the original pledge, then one of two options will be exercised. First, a donor can choose to have the corpus distributed for the designated purpose. Second, a donor can opt to have the corpus added to the General Scholarship Endowment, combined with a similar fund or funds that never reached the \$50,000 threshold, and have the interest distributed in their combined name for such designated purposes (e.g., scholarships). Donors will be required to indicate their preference in the endowment terms before the terms are executed.
2. Restrictions shall only be given for endowed funds of \$100,000 or higher. Endowed funds under \$100,000 are limited to three preferences.

F. Non-Endowed

A non-endowed gift may establish a temporary fund with a minimum donation of \$10,000 outright or \$2,000 per year for a minimum of five years. Such a gift is equivalent to income from an endowment.

1. No more than one preference should be given for non-endowed funds, unless the temporary fund is created while an endowment is maturing. In this instance, the temporary fund may have more preferences or restrictions to match the terms of the maturing endowed fund.

G. Matching Gifts

Many companies match current gifts of cash, stocks or bonds made to higher education institutions by their employees and often, employees' spouses and company retirees. Matching gifts are generally allocated to the same purpose as the donor's gift unless restricted to another purpose by the company. Donors are entitled to income-tax deductions for their individual gifts only. The AAF's policy is to offer equal recognition to companies matching the employee's gift and to the employee who arranged for the AAF to receive the match; matching gift amounts are included in the donor's total giving for donor recognition purposes only.

VII. Miscellaneous Provisions

A. Appraisals and Legal Fees

Legal and ethical requirements, designed to protect both the donor and the AAF, prohibit the AAF itself from appraising most gifts. Such appraisals are to be conducted by appraisers independent from the AAF. Generally, the cost of an appraisal will be the donor's responsibility (where required by IRS Publication 561) for all gifts made to the AAF. The AAF reserves the right to conduct appraisals for internal accounting or other purposes. It is the donor's responsibility to retain independent legal counsel.

B. Evaluation of Costs Associated with Acceptance of Certain Gifts

Proposed gifts of non-cash property and restricted gifts must be evaluated by AAF staff to determine whether the restrictions and costs to the AAF associated with receiving the gift can be prudently accommodated by the AAF. For example, accepting real property may require payment of closing costs, payoff of debt secured by the property and physical changes to the property necessary to control environmental hazards. Non-cash property and restricted gifts shall only be accepted in accordance with this Policy.

C. Payment of Fees Related to Gifts

The AAF may incur and pay reasonable fees for professional services rendered to or for the benefit of the AAF in connection with the completion of a gift to the AAF. Where advisors retained by the AAF prepare documents or render services of any kind to the AAF and/or to a donor on behalf of the AAF, the donor shall be informed that the professional involved is retained by the AAF and is not acting on behalf of the donor and that any advice given or documents prepared should be reviewed by donor's counsel prior to completion of the gift.

D. Gift Acknowledgment

In keeping with IRS regulations, donors to the AAF will receive a receipt verifying that the AAF is an organization described in Section 501(c)(3) of the Internal Revenue Code and eligible to receive tax-deductible gifts. The acknowledgment shall state whether goods or services were provided in return for the donation and if so, the fair market value of such good or service. Advancement will mail or provide receipts electronically to donors as appropriate, except for in-kind gifts and deferred gifts, which will receive an acknowledgment with a description of the item or deferred gift for the donor's records.

For payments that are known to be gifts but whose fund designation is not clearly defined, Advancement shall designate such gifts to the Annual Fund Unrestricted Fund and Advancement Services shall send a receipt with the fund designation, unrestricted.

If Advancement is not certain that a payment is a gift, a receipt is not mailed. In such instances, Advancement or the AAF will contact the responsible University personnel for clarification.

The AAF, through the Office of Advancement, will send calendar year-end charitable gift statements to donors who have made multiple gifts totaling \$1,000 and above in the month of January. These statements will list individual and cumulative gift values and the date of each gift in the previous calendar year. Acknowledgment of gifts to the AAF and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the Executive Director of the AAF and the Board of Directors. IRS Publication 561 *Determining the Value of Donated Property* and IRS Publication 526 *Charitable Contributions* will be used as the standard, along with CASE guidelines.

It is the responsibility of the donor to accurately and properly document their charitable gifts on their individual IRS tax returns and consult their legal, financial and tax advisors, when necessary.

E. Modification of Gift Terms

The University and the AAF are legally obligated to use gifts in accordance with donor terms, restrictions and preferences. However, the University and the AAF may seek to modify a restricted gift if the restriction or preference has become unlawful, impractical, impossible to achieve, or wasteful, in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and use the following procedure.

Identifying When a Restricted Gift Should Be Modified

- Unlawful- The terms are illegal to carry out
- Impractical- Circumstances arise in which the terms cannot be carried out without substantial burden to the University or substantial impairment of the charitable purpose, or term restrictions are subjective, i.e. a student exhibits good behavior
- Impossible to Achieve- The object of the funding has ceased to exist, making the terms impossible to satisfy

- Wasteful- The funding is no longer necessary for its intended purpose

Modifying the terms and restrictions of a fund is a significant proposition. If the donor is alive, they can be sought out for written consent and recommendation. If the donor is deceased and does not have a modification clause, the AAF is required to go to the Attorney General to modify gift terms, if desired. If the donor is deceased and the related terms do have a modification clause, a search for a new contact must take place. If a new contact is found, he or she can give written consent and recommendation, but if a new contact isn't found, the decision will need to be put through to the chair of the AAF's Advancement Committee and then to a vote of the full AAF Board.