

# THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

## GIFT ACCEPTANCE POLICY

### INTERIM

**Number** 04.04.01

**Division** Office of the Vice President for University Advancement

**Date** October 2020

**Purpose** The University of Alabama in Huntsville (“UAH” or “University”) welcomes gifts from donors interested in benefiting the University and its programs. UAH, as a part of The University of Alabama (“UA”) System, must accept and acknowledge gifts in accordance with established institutional policy and procedures, particularly Rule 411 of the Board Rules of The Board of Trustees of The University of Alabama. In addition, UAH, through its President, may adopt higher minimums in some cases and provide guidance and definition for the gift acceptance policy and process. The UAH Office of the Vice President for University Advancement, the UAH Office of the Vice President for Finance and Administration, affiliated foundations, and The University of Alabama System Pooled Endowment Fund (“UASPEF”) have the responsibility of managing gifts to UAH and its affiliated foundations. Gift management includes formal acceptance of gifts, proper allocation of gifts in accordance with UAH accounting procedures, receipts and acknowledgments to donors, maintenance of donor records, and other gift-related activities.

The following statement of policy and procedure has been adopted to ensure that all gifts to UAH are properly and efficiently accepted, received, acknowledged, and administered.

**Policy** To support the mission of UAH, increase private giving, and ensure the University meets standards of regulatory and ethical guidelines in fundraising efforts, the UAH Office of Development (“Development Office”) is responsible for collecting and maintaining donor and prospective donor information. The Development Office will honor donor rights and reasonable restrictions to the extent they are allowed by law, and will provide donors with appropriate receipting for income tax filing purposes.

## Gift Acceptance

Gift Acceptance is defined by Board Rule 411 of The Board of Trustees of The University of Alabama [Board Manual](#). All further Board Rules in this policy are incorporated into this policy in entirety by reference. UAH follows guidelines for acceptance of all gifts in accordance with the provisions set forth by those Board Rules.

### A. Authorization to Accept

The following categories of gifts must be recommended by the Chancellor and UAH President, and approved by formal resolution of The Board of Trustees of The University of Alabama:

1. Gifts to establish new endowments. Gifts to create endowments must comply with the minimum standards set forth herein, and investment of endowed funds must comply with Board Rule 404.
2. All named gifts, including gifts conditioned on the naming of a facility, part of a facility, college, school, department, program or unit.
3. Gifts restricted as to investments.
4. Gifts of real property or an interest therein.
5. Gifts of undivided interests.
6. Gift-sales or gifts subject to any encumbrance.
7. Gifts of non-publicly traded stock or otherwise of ownership, membership, or partnership interests for which there is not a ready market, regardless of whether such interests are passive.
8. Gifts that, because of their unusual nature, either present a potential detriment, financial or otherwise, or a serious question as to whether they are within the role and scope of the campuses.

(Categories one through eight are taken from: The Board of Trustees of The University of Alabama, Board Rule 411 V., available at <http://uasystem.edu/assets/2019/08/BR-411-Final-2019.pdf>)

The Chancellor, the UAH President, or their designated representatives shall have full authority to accept all gifts not described above. The Vice President for University Advancement is the representative designated by the UAH President. While a number of positions across the University will receive gift monies, only the Chancellor, the UAH President, and their designees can formally accept the monies as gifts on behalf of the University.

### B. Types of Gifts Accepted

1. Cash and cash equivalents
2. Securities
3. Closely held securities and business interests
4. In-kind gifts

5. Legacy gifts - revocable and irrevocable
6. Promises to Gift and Intentions to Give (Pledges)
7. Other, including bargain sales, contributed services, Quid Pro Quo contributions, etc.

#### Cash and Cash Equivalents

Cash and cash equivalent gifts are accepted in the form of currency, checks (made payable to the "UAH Foundation"), money orders, wire transfer, Automated Clearing House (ACH), credit/debit card charges, and/or third-party distributions including donor-advised funds and matching gifts. Gifts (one-time or recurring) can be made online via the [UAH Giving link](#) or through payroll deduction. All gifts should be noted with a designation.

#### Securities

Gifts of publicly traded stocks, bonds, and mutual funds are coordinated through the Development Office utilizing a brokerage company designated by the UAH Foundation. Instructions for transfer vary depending on whether the donor has physical possession of the stock certificate or the donor's broker holds the stock on behalf of the client. Stock gifts are valued at the mean of the high and low price of the security on the date of transfer of ownership multiplied by the appropriate number of shares (net asset value is used for mutual fund valuation). The retained brokerage company will sell the gift as soon as feasible and the receipt of the proceeds of such sale shall be deposited into the appropriate account.

#### Closely Held Securities and Business Interests

The University may accept closely held securities or other business interests on a case-by-case basis. The UAH President, the Vice President for Finance and Administration, and the Vice President for University Advancement shall determine acceptance of these gifts after consultation with The Board of Trustees of The University of Alabama.

#### In-Kind Gifts

The University accepts in-kind gifts as charitable contributions. Before a non-cash gift can be accepted, the internal "Non-cash Gift Acceptance" form, which can be found on [myUAH](#), must be completed by either the primary user or beneficiary of the gift or the person involved in developing the gift.

The Non-cash Gift Acceptance form must be signed by chair/supervisor of the relevant unit. The dean or director in charge of the unit, as well as the cognizant Vice President, must also approve gifts of \$5,000 or greater. These are submitted to the Vice President for University Advancement to determine acceptance.

The suitability of proposed gift should be evaluated for both its anticipated use and the cost associated with its use by the University. It should also be assessed for its potential use to further both the general mission of the University and the more particular mission of the unit within the University that will be the primary user or beneficiary of the property. The commitment of University resources required to deliver, install, house, use, and maintain the gift must also be reasonable in comparison with the benefit to be derived from it.

If the non-cash gift does not require acceptance by The Board of Trustees of The University of Alabama, the UAH President or the Vice President for University Advancement are authorized to accept the gift. No other UAH officials, employees, or students are authorized to accept non-cash gifts on behalf of the University.

Acceptance must precede delivery of the gift. The Development Office will be responsible for follow-up actions, such as coordination with the University's Office of Counsel if needed to prepare a receipt (if requested), written acknowledgements, or deeds of gift. The Development Office will also arrange publicity as appropriate for the gift and as agreed to by the donor.

The Development Office will also provide information and documentation regarding the gift to the Office of Accounting, which will forward such information to the Material Control Office to be properly inventoried.

#### Valuation and Receipting:

Donors are responsible for determining the fair market value of the gift for their individual tax reporting purposes. The Development Office will issue an in-kind gift receipt consisting of a simple description of the gift and the date when the title to the property was formally transferred. A dollar value is not assigned to the contribution for receipting purposes and should not be stated on any acknowledgments or correspondence; however, an estimate of the fair market value on the date the gift was received will be recorded in the internal records for financial and development purposes.

The donor should seek guidance from his or her tax adviser regarding the potential requirement to file IRS Form 8283: Noncash Charitable Contributions. An in-kind tax-deductible gift may require a property appraisal by a qualified appraiser. The cost of the appraisal will be the responsibility of the donor and is required for any in-kind gift over \$5,000. The IRS Form 8283 should be sent to the Development Office after signature by the appraiser for signature by a University representative acknowledging receipt of the identified gift.

#### Real Estate:

Gifts of real estate or any interest therein must be accepted by The Board of Trustees of The University of Alabama in accordance with Board Rule 411 and shall be maintained as stated in Board Rule 404. Any costs associated with the conveyance and delivery of the gift, recording fees, survey, title insurance, and attorney's fees will be paid by the donor unless an exception is made, in which case the cost will be charged to the department that benefits from the gift.

Environmental reviews will be required except in the case of residential property that is determined to pose minimal potential for environmental risk. The University may require inspection by licensed or certified professionals for such gifts, as may be required to demonstrate due diligence and care.

Board Rule 404 sets out the in-kind gift policy as it relates to real estate. Board Rule 415 sets out the procedure for real property acquisitions and dispositions.

#### Sale or Disposal of Gifted Property:

Sale or disposal of donated property by the University within three years of the date that the gift was received may require filing of IRS Form 8282 by the University with the Internal Revenue Service. The Development Office will be notified by the UAH Asset Management Office when gifted property valued above \$5,000 is to be sold or disposed of by the University. This notice shall be prior to the sale or disposal. The Development Office will review and determine if IRS form 8283 is on file from the donor and if the sale or disposal of the property is within the three year time period. If the determination is made that IRS Form 8282 is required, the Development Office will coordinate with the Vice President for Finance and Administration and the Vice President for University Advancement in the timely filing.

#### Legacy Gifts

The University accepts a variety of legacy gifts including bequests, charitable gift annuities, charitable lead trusts, charitable remainder trusts, insurance policies, retirement assets, IRA charitable rollovers, and securities. The official acceptance of testamentary gifts requires the approval of The Board of Trustees of The University of Alabama.

Board Rule 404 assigns the responsibility for direct investment and administration of life income and annuity funds to the UAH President.

A record of prospective planned gifts will be maintained separately from current giving in the Development Office database in accordance with nationally accepted policies.

### Pledges

Only documented unconditional pledges will be entered into the Development Office gift database. The documentation must include a timeframe for payment, the gift designation, the donor's signature, and the defined amount pledged.

Pledge reminders will be sent to the donor on the schedule set out in the documentation or requested by the donor. If a pledge becomes delinquent or a donor defaults on the pledge, any follow-up is the responsibility of the Development Office.

### Other

Acceptance of gifts that fall within this category will be determined by the Vice President for University Advancement. Certain gifts that fall into this category, such as bargain sales (i.e., property sold at less than fair market value), will require acceptance by The Board of Trustees of The University of Alabama under Board Rule 411. Gifts with Quid Pro Quo benefits will be processed through UAH in compliance with IRS regulations. Such benefits will not be provided to donors as a result of gifts from donor-advised funds or matching gifts.

### Donor Intent and Restricted and Unrestricted Giving

A gift will be accepted when in the mutual best interest of the donor and the University. A determination of the donor's interest will include, but not be limited to, the donor's financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The University adheres to the [Donor Bill of Rights](#) created by the American Association of Fund-Raising Counsel (AAFRC) and supported by numerous nonprofit organizations.

Donors are responsible for ensuring that proposed gifts further their own personal charitable, financial and estate planning goals. Each donor is urged to seek the advice of independent legal, tax, or financial counsel in the gift planning process. It is not within the purview of the University or its staff to give legal, accounting, tax, or other advice to prospective donors.

All information obtained from or about donors or prospects shall be held in strictest confidence by the University in accordance with the Council for Advancement and Support of Education (CASE) [Code of Ethics](#). Each staff member who has access to donor information is required to have a signed

Confidentiality Agreement which is maintained on file. The University will respect the donor's wishes with regard to the publication of their information or other forms of recognition.

All endowment gifts created by a donor who is competent to do so require a Memorandum of Agreement ("MOA") in order to clearly set out the donor's intentions. The requirement of a MOA for other gifts will be considered on a case-by-case basis. The complexity of the donor's wishes will be the major factor in determining the need for a MOA. All other restricted gifts will be deposited in an appropriate account setting out the purpose for the gift.

Endowment funds shall be invested in the UASPEF; however, if the UASPEF does not meet a particular investment criteria defined by the donor, the funds will then be Separately Invested Funds. The decision for an alternate investment of funds shall be made in accordance with The Board of Trustees of The University of Alabama Rule on Separately Invested Endowments.

All endowment donors will receive an annual report with information pertinent to their gift. All endowments require approval by the Board of Trustees of The University of Alabama.

The Board of Trustees of The University of Alabama has determined the minimum standards for named gifts in Board Rule 411, and all naming requires their approval.

#### Gift Receipting and Acknowledgment

All gifts to the University should be directed to the Development Office so that the funds can be recorded. All deposits submitted for processing must be supported by accurate representations and original documentation to clearly identify their true business nature. A gift receipt meeting current IRS regulatory requirements will be sent to the donor upon gift acceptance. The University will issue tax receipts for all gifts regardless of value which exceeds IRS requirements. The Development Office has established specific parameters to acknowledge gifts in accordance with the benefitting unit and gift level.

#### Matching Gifts

The Development Office will process and approve corporate matching gifts. The Development Office staff can advise and assist donors in determining if they are eligible for a matching gift through their corporation.

#### Gift Management

All gifts shall be managed in accordance with governing documents or fund criteria. Unrestricted current-use gifts will be deposited into the appropriate

unrestricted gift account, while restricted current-use gifts will be deposited into the appropriate restricted gift account; if such an account does not exist, it will be created. All gifts to endowed funds shall be deposited as quickly as feasible into the UASPEF or a separate investment account. An MOA should govern each endowment fund. Gift funds, both endowed and current use, are to be used for the purposes communicated by the donor when making the gift. Undesignated gifts will be directed to the President's Excellence Fund. The University is committed to properly administering the donor's gifts according to their wishes.

The dean, department chair, or budget head is responsible for ensuring the proper expenditure of gift funds at their disposal. This includes ensuring funds are properly established, transferred from the UAH Foundation to UAH to be expended through the Office of Procurement, and expended in a timely manner. At the end of each fiscal year the Vice President for Advancement and cognizant Vice President for each area will conduct a review of all accounts.

To ensure the proper expenditure of gift funds, the Development Office will coordinate activities to ensure the donor's restrictions are clarified and conveyed when establishing new gift funds by contacting the donor if there are any questions and working with the unit to interpret governing documents.

If the gift funds cannot be used in a manner consistent with the donor's restrictions and the donor is not able to execute an amendment to the fund agreement outlining the purpose of the fund, or there is no agreement governing the fund, the unit should discuss the limitations and possible alternatives with the Development Office. If deemed appropriate, the office will seek approval from the Office of Counsel to proceed with a change.

## Definitions

*Acceptance:* An agreeing, either expressly or by actions or offer of another party, to give a gift. Any act signifying consent to give the gifts is an essential element to a completed gift. An acceptance may be made on behalf of UAH only by those officials authorized to do so in this policy, which is governed by the Board Rules of The Board of Trustees of The University of Alabama.

*Endowment spending policy:* To provide a predictable and sustainable level of income, the income distributed will be at a spending rate established by The Board of Trustees of The University of Alabama for the UASPEF. For the current spending rate, consult Board Rule 404.

*Gift:* A voluntary transfer to the University of an item of value, usually in the form of cash, checks, securities, real property, or personal property for which the donor receives no compensation, significant benefit, or value for the gifts. Gifts may come from individuals, corporations, foundations, and other sources. Gifts directed to or intended for UAH are the property of the University, subject to control and management by the Board of Trustees, but within the limits of and subject to any restrictions or directions of the donor of the gift, accepted and agreed to by the Board.

*In-kind Gift:* A non-cash donation of materials, securities, or real estate that is directly related to the mission of the University and reported at the fair market value.

*Memorandum of Agreement (“MOA”):* An MOA is a University document that describes a mutual agreement between a donor, UAH, and UAHF regarding a gift to the University. Its main purpose is to outline the details and use of the gift, including any restrictions, directions, purposes, or intentions of the donor(s) and the policies of the University.

*Resolution of the Board of Trustees:* Resolutions are recommended by the President of the University to the Chancellor who in turn submits them to The Board of Trustees of The University of Alabama. Resolutions are presented for acceptance of new endowments, gift acknowledgment and appreciation, and naming of designated areas on campus.

*Separately Invested Endowed Funds:* Funds that cannot be invested in UASPEF per donor restrictions and as defined by The Board of Trustees of The University of Alabama Board Rule on Investment Policy and Guidelines.

*UASPEF:* The University of Alabama System Pooled Endowment Fund. All endowments, except those required by the donor to be invested separately, are held and invested by the System Office and are administered and reviewed by the investment committee of the Board of Trustees.

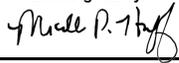
#### Compliance

All aspects of gift acceptance and administration shall be in full compliance with The Board of Trustees of The University of Alabama Board Rules.

#### Review

The Vice President for University Advancement is responsible for the review of this policy every five years (or whenever circumstances require).

**Approval**

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University Counsel

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Date

Mallie S. Hale

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Vice President for University Advancement

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10/22/2020

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Date

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Campus Designee

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Date

**APPROVED:**

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President

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Date