

# THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

## GIFT ACCEPTANCE POLICY

**Number** 04.04.01

**Division** Development

**Date** March, 2013

**Purpose** The University of Alabama in Huntsville (UAH) welcomes gifts from donors interested in benefitting 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 University Advancement, UAH Office of Finance and Administration, affiliated foundations, and the UASPREF have the responsibility for managing gifts to UAH and its related foundations. Gifts management includes formal acceptance of gifts, proper allocation of gifts in accordance with UAH accounting procedures, receipting and acknowledgements 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** Definitions

*Acceptance:* Any act signifying a donee's 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 UA System Board of Trustees.

*Board Rule:* [The University of Alabama Systems Board Manual Rule.](#)

*Endowment spending policy:* In order to provide a predictable and sustainable level of income, the income distributed will be 5% of the average three year unit value.

*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 or significant benefit or value for the

gifts. Gifts may come from individuals, corporations, foundations, and other sources. Gifts directed to or intended for The Board of Trustees of The University of Alabama in Huntsville are the property of the University, subject to control and management by its 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.

*Gift in Kind:* A non-cash donation of materials or long-lived assets. Gifts of materials or long-lived assets must be directly related to the mission of the University and will be reported at the fair market value.

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

*Resolution of the Board of Trustees:* All University endowments must be accepted by The University of Alabama Board of Trustees. Resolutions are recommended by the President of the University to the Chancellor who submits them to the board. Resolutions adopted by the board are public documents that include biographical information about the donor and are part of the University's historical record.

*Separately Invested Endowed Funds:* Funds that cannot be invested in UASPEF per donor restrictions and as defined in Board Rule 404 IV.

*UASPEF:* 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.

### Gift Acceptance

#### A. Authorization to Accept

The following categories of gifts must be accepted either by the UA System Board of Trustees or by the Executive Committee of the Board upon recommendation of the Chancellor and the UAH President. The Executive Committee shall make such acceptance only when action prior to the next Board meeting is advisable or necessary.

1. Endowed gifts, unless donated pursuant to a fund-raising campaign previously approved by the Board that established an endowment fund. Investment of gifts of endowment must comply with Board Rule 404.
2. Gifts restricted as to use, unless restricted to a program previously approved by the Board, or unless received pursuant to a fund-raising campaign previously approved by the Board that established the restrictions, or unless restricted to a normal campus activity.

3. Gifts restricted as to investments.
4. Gifts of real property or an interest therein.
5. Gifts of undivided interests or future interests.
6. Gift-sales or gifts subject to any encumbrance.
7. Gifts which, 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.
8. Gifts conditioned on the naming of a program, building, property, or part thereof.
9. All testamentary gifts.

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 holders of the above positions 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. Gifts in Kind
5. Planned 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, money orders, wire transfer, ACH, credit/debit card charges. Checks should be made payable to UAH Foundation. The institution also receives cash contributions through payroll deduction. Cash gifts from donors as well as third party distributions including donor advised funds and matching funds are accepted. Credit card fees are recorded to the UAH Development budget.

#### Securities

Gifts of publicly traded stocks, bonds, and mutual funds are coordinated through the Development Office utilizing a brokerage company designated by 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 in street name. 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 (NAV 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.

The University will accept U.S. Treasury securities issued by the U.S. Department of Treasury Bureau of the Public Debt. Savings Bonds (E, EE, H, HH) require special consideration and Treasury rules regarding redemption apply.

#### Closely Held Securities and Business Interest

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

#### Gifts In Kind

The University accepts in-kind gifts as charitable contributions. Before a non-cash gift can be accepted, the internal form, "Non-cash Gift Acceptance" form, must be completed by an appropriate individual within the unit who will be the primary user or beneficiary of the property or who has otherwise been involved in developing the gift.

The Non-cash Gift Acceptance form must bear the approval signature of the Dean or Director in charge of the particular unit and be submitted to the Vice President for University Advancement to determine acceptance.

The suitability of property proposed to be given to the University should be evaluated in terms of both the anticipated use of the property and the cost to the Institution associated with that use. Property to be acquired by gift should have the potential of being utilized 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 property must also be reasonable in comparison with the benefit to be derived from the property.

If the gift does not require acceptance by the UA Systems Board of Trustees, the UAH President or the Vice President for University Advancement has authority to give final acceptance for non-cash gifts. No other UAH officials, employees, or students are authorized to accept non-cash gifts on behalf of the Institution.

Acceptance must precede delivery of the gift. After acceptance, the Development Office will be responsible for follow up actions, such as coordination with the University's Office of Counsel in the preparation of a receipt for the property, if requested by the donor, written acknowledgements,

deeds of gift, and arranging publicity as appropriate for the gift and agreed to by the donor.

The Development Office will also provide information and documentation regarding the donated property 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 Office of Development will issue an in-kind gift receipt consisting of a simple description of the donated property and the date title to the property was formally transferred. A dollar value is not assigned to the contribution for receipting purposes. However, an estimate of the fair market value at the gift date is 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 summary property appraisal by a qualified appraiser. The cost of the appraisal will be the responsibility of the donor. The IRS 8283 should be sent to the Development Office after signature by the appraiser for our signature acknowledging receipt of the identified gift.

#### Real Estate:

Gifts of realty or any interest therein must be accepted by the UA Systems Board of Trustees. Board Rule 411 IV. B. (4) 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 it 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 VII (B) sets out the in-kind gift policy as it relates to real estate and Attachment D to Board Rule 415 sets out the procedure for disposition of real estate.

#### 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 Inventory Controls Office when property valued above \$5000 is to be sold or disposed of by the University. This notice shall be prior to the

sale or disposal. The Office of Development 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 Office of Development will coordinate with the Vice President for Finance and Administration and the Vice President for University Advancement in the timely filing.

### Planned Gifts

The University accepts a variety of planned gifts including bequests, trust proceeds, beneficiary designations on various instruments, IRA rollovers, and life insurance proceeds. The official acceptance of testamentary gifts requires the approval of the UA Systems Board of Trustees.

Board Rule 411 IV. B. (9). The Vice President for University Advancement shall consult with the Vice President for Finance and Administration and the Office of Legal Counsel in due diligence efforts to develop information for presentation to the Board regarding these gifts on a case-by-case basis.

Board Rule 404 VIII 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 separate from current giving in the Office of Development database in accordance with nationally accepted policies.

### Pledges

Only documented unconditional pledges to gift will be entered into the Office of Development gift database. The documentation must include a timeframe for payment, the gift designation, signature by donor making the pledge and a defined amount pledged, unless it is a pledge made to our phonathon staff. The phonathon staff completes a separate pledge form which is accepted and will be entered.

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

### Other

Acceptance of gifts which fall within this category will be determined by the Assistant Vice President of Development in consultation with the Vice President for University Advancement. Certain gifts that fall into this category, such as bargain sales, will require acceptance by the UA Systems Board of Trustees under Board Rule 411. IV. (B) 7, while other gifts will not. Gifts with Quid Pro Quo benefits will be processed through UAH in compliance with IRS

regulations and 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 Fundraising 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 province 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 on file. The University will respect donor wishes in regard to publication of information or other forms of recognition. A publicity release will be required to publicize a gift or commitment in excess of a donor honor roll recognition.

All endowment gifts created by a donor who is competent to do so is required to execute a Memorandum of Understanding (MOA) to clearly set out the donor intentions. Other gifts will be considered on a case-by-case basis as to the requirement of an MOA. Clearly the complexity of the donor wishes will be the major factor in determining the need of an MOA which decision will be made by the Assistant Vice President for Development in consultation with the Vice President for University Advancement. 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 UASPREF unless it does not meet a particular investment criteria defined by the donor and they will then be Separately Invested Funds. The decision for an alternate investment of funds shall be made in accordance with UA Systems Board of Trustees Rule 404. IV on Separately Invested Endowments.

All endowment donors will annually receive a report setting out pertinent information regarding their gift. All endowments require UA Systems Board of Trustees approval.

The UA Systems Board of Trustees set out the minimum standards for named gifts in Board Rule 4111.III.A and all naming requires their approval.

#### Gift Receipting and Acknowledgement

All gifts to the University should be directed to the UAH Development Office for recording to the appropriate fund(s). All deposits submitted for processing must be supported by accurate representations and original documentation to clearly identify the 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 establishes specific parameters for acknowledging gifts according to benefitting unit and gift level.

#### Matching Gifts

The UAH Development Office will maintain services which provide access to information about corporate matching gift programs. The UAH Development staff will advise and assist donors if they are eligible for a matching gift.

#### 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, and 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 separate investment account. A Memorandum of Understanding 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. 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 and expended in a timely manner in accordance with the intent of the donor and providing courtesy reports to the donor of the use of gift funds.

To ensure the proper expenditure of gift funds, University Advancement coordinates activities ensuring donor 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 donor restrictions and the donor is not able to execute an amendment to the fund agreement outlining the purpose of the fund, or there was no agreement governing the fund, the unit should discuss the limitations and possible alternatives with



University Advancement. If deemed appropriate, the office will seek approvals from the Office of Counsel to proceed with a change.

Donor Refund of Gift

Extraordinary situations may occur in which a donor requests a gift refund. In general, gifts are irrevocable and should not be refunded. In circumstances in which a donor requires the refund, the University will work with the receiving unit to determine whether the gift has been spent and/or if the refund would create a financial hardship for the unit. If a gift refund is awarded, the gift receipt will be voided. If the gift is from a previous tax year, the refund could be deemed taxable income; therefore, a 1099-MISC will be issued to the donor at December 31 in the year of the refund.

Compliance

All aspects of gift acceptance and administration shall be in full compliance with UA Systems Board of Trustees 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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Chief University Counsel



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Vice President for University Advancement

**APPROVED:**



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President