PROCEDURES FOR GIFT ACCEPTANCE

The University of North Carolina at Greensboro

Approved by the Vice Chancellor for University Advancement, May 12, 2020

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2. Definitions and Roles and Responsibilities

2.1 **Associated Entity:** Associated Entities engage in activities that are critical to and aligned with the mission, goals, and objectives of UNCG. An associated entity is a North Carolina nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code and exists for the purposes of aiding and promoting educational and charitable purposes and lawful activities of UNCG. UNCG must officially recognize each UNCG Foundation as satisfying the standards and eligibility requirements as a supporting associated organization. More information can be found in the UNC System Policy Manual.

2.2 **Contract:** A "contract" is an agreement between UNCG and another entity to provide an economic benefit for compensation. The agreement is binding and creates a quid pro quo relationship between UNCG and the entity. Contracts are not gifts and are not countable in annual giving or comprehensive campaign fundraising reports.

2.3 **Donor-advised fund:** A donor advised fund **is a** tax-exempt organization that takes ownership of donor assets as gifts and provides a gift receipt. The donor then contacts the organization (or fund) and advises to which qualified organization a gift should be made. In this case, the donor advised fund is the legal donor.

2.4 **Donor-directed fund:** A donor directed fund is a financial organization, outside the university, where assets are deposited for investment and safekeeping. The donor directs the outside organization to issue a check in the name of UNCG or one of its associated entities. In this case, the donor making the direction is the legal donor.

2.5 **Family foundation (private foundation):** A family foundation is a private, tax-exempt entity established and operated exclusively as conduit for charitable donations of an individual or members of an immediate family.

2.6 **Gift:** A gift is a contribution received by UNCG for either unrestricted or restricted use in the furtherance of UNCG and for which UNCG has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies. The contribution is a nonreciprocal transfer in that there is no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information. If the donor receives benefits in return for the contribution, the true value of the gift is the amount over and above the fair market value of any benefits received.

2.7 **Gift Accounting Office (GAO):** The GAO is responsible for the timely and accurate recording, depositing, receipting, and accounting for all gifts and pledges to UNCG and its associated entities.

2.8 **Gift-in-Kind:** Gifts-in-kind are generally defined as non-cash donations of materials or long-lived assets, other than real and personal property. Gifts of materials or long-lived assets that are directly related to the mission of UNCG should be reported at fair market value. For purposes of this policy, all reference to gift-in-kind specifically excludes publicly traded securities.

2.9 **Grant:** A grant is a contribution received by UNCG for either unrestricted or restricted use in the furtherance of UNCG and typically comes from a corporation, foundation, or other organization, rather than an individual. UNCG may determine that what a donor calls a grant is, for internal record keeping purposes, a gift. Grants normally fall into two categories, both of which are philanthropic in nature and thus countable in annual giving and comprehensive campaign reports:

A. **Non-specific Grant:** A grant received by UNCG that did not result from a specific grant proposal. UNCG does not commit specific resources or services and is not required to report to the donor on the use of the funds. It is this type of grant that UNCG may opt to designate as a gift for internal accounting purposes.

B. **Specific Grant:** A grant received by UNCG resulting from a grant proposal submitted by UNCG. UNCG commits resources or services as a condition of the grant, and the grantor often requests an accounting of the use of the funds and of results of the programs or projects undertaken. The grantor's requirement of regular status reports or other reports does not negate the philanthropic and countable nature of a specific grant.

2.10 **Partial Interest in Property:** A partial interest in property is contribution of the right to use property that is less than a donor's entire interest in that property and is not deductible or countable. For example, the donation of office space or a vacation home for use during a limited period of time is a gift of the limited use of private property. The University acknowledges gifts of the limited use of private property, but such gifts are generally not deductible by the donor and are not countable in fundraising reports.

2.11 **Out-of-Pocket Expenses:** Some amounts a volunteer/donor pays in out-of-pocket expenses may be classified as a gift. These amounts would be unreimbursed, directly connected with services given by the donor or volunteer or expenses a donor incurred only because of the services given that are not personal, living, or family expenses. The value of services are not gifts.

2.12 **Planned Gift:** A planned gift is a type of charitable donation, requiring some planning, that is popular because it can provide valuable tax benefits and/or income for life. The term often refers to: (a) the process of making a charitable gift of estate assets to UNCG; (b) a donation that requires consideration and planning in light of the donor's overall estate plan; or (c) part of an individual's major gift strategy, generally involving a bequest or trust, a future commitment for which UNCG will benefit at some point in the future.

2.13 **Pledge:** Pledges are documented commitments to make future gifts. Only the entity exercising legal control over the assets can make a pledge. An individual cannot make a pledge that includes anticipating matching gifts from an employer or some other source. Nor can an individual commit funds that may come from a donor-advised fund or community foundation.

2.14 **Qualified Appraisal:** A qualified appraisal is an appraisal document that is created, signed, and dated by a qualified appraiser and meets the requirements set forth by the Internal Revenue Service (IRS). A qualified appraisal is made no sooner than 60 days before a piece of property is donated. The document is used to notify the IRS that the value of a piece of property is in excess of $5,000.

2.15 **Services:** A gift of services is a gift of a donor's professional or personal time provided to the University. For example, the donation of broadcast time by a radio station or legal services by an attorney are gifts of services. The University acknowledges gifts of services, but such gifts are generally not deductible by the donor and are not countable in fundraising reports.

2.16 **Soft Credit:** A soft credit represents recognition credit or the amount for which the University wishes to affiliate with the donor. It cannot be considered charitable contributions but can be duplicated for recognition purposes. For example, if a business gives the University $10,000, the owner of that business can be granted the full $10,000 in soft credit toward their giving history to the University.

3. Types of Gifts

3.1 Planned Gifts

A planned gift is defined as a gift of any kind, in any amount, either current or deferred, given for any permitted purpose when the assistance of a qualified professional such as an attorney, tax advisor, retirement account administrator, real estate agent, appraiser, et al., is necessary to complete the gift.

3.1.1 Current Planned Gifts

A current planned gift is defined as a gift of any kind, in any amount given for any permitted purpose involving a current transfer of assets. The University may accept current/outright gifts in the form of various assets listed throughout this policy. Any outright gift of an asset other than cash or marketable security shall be considered a planned gift. Current planned gifts may include, but are not limited to the following:

A. Bargain Sale

A "bargain sale" is a sale of property in which the amount of the sales proceeds is less than the property's fair market value. When a bargain sale is made to a qualified charitable organization, the excess of the property's fair market value over the sales price is treated as a charitable contribution to the organization. A bargain sale of real property requires the approval of the Gift Acceptance Committee and will follow all requirements for a gift of real property.

3.1.2 Deferred Planned Gifts

A deferred planned gift is defined as a gift of any kind, in any amount given for any permitted purpose involving the deferred transfer of assets. These may include, but are not limited to, the following:

3.1.2.1 Beneficiary Designation

Beneficiary Designation means a governing instrument naming a beneficiary of an insurance or annuity policy, of an account with a payment on death designation of a security registered in beneficiary form, or of a pension, profit sharing, retirement, or similar benefit plan, or other non-probate transfer at death. The University may accept gifts it receives as a designated primary beneficiary of a life insurance policy, annuity contract, IRA, or Qualified Retirement Plan. The University may accept gifts it receives as a designated contingent beneficiary only if the primary beneficiary is the donor's spouse.

3.1.2.2 Bequest

Bequests are provisions in a will, trust, or other testamentary legal document providing a gift to UNCG upon the death of a donor. Donors can make a charitable bequest to the University or one of the University associated entities via their will or trust of any type of property. The University or University-associated entity retains the right to accept or decline any gift made through a will and/or trust. The University may accept bequests it receives as a designated primary beneficiary. The University may accept bequests it receives as a designated contingent beneficiary only if the primary beneficiary is the donor's spouse.

3.1.2.3 Charitable Gift Annuity

A charitable gift annuity is a contract where a donor transfers cash or other property to UNCG in exchange for a commitment by the organization to pay the donor a specified amount each year during the remainder of the donor's life. A charitable gift annuity is usually funded with cash or publicly traded securities; however, a charitable gift annuity may be funded with other assets with the approval of the Gift Acceptance Committee. The minimum amount required to establish a Charitable Gift Annuity is $50,000. If the projected residuum from a Charitable Gift Annuity is intended to create a new endowed fund, the projected residuum must be greater than or equal to the minimum amount needed to create the specific type of endowment at the time of the gift. If not, the Charitable Gift Annuity will not be approved.

A. The minimum age for a gift annuity is sixty-five (65); however, donors who are at least fifty-five (55) years old may use a plan called a "deferred" charitable gift annuity. Under that plan, a donor chooses a future date to start his/her annuity payments (such as upon retirement or reaching age 65).

3.1.2.4 Charitable Lead Trust

In a charitable lead trust, the donor transfers property to a trust, creating an income interest in the property in favor of a charity for a period of years or for the life or lives of an individual or individuals. The remainder interest is either retained by the donor or given to one or more noncharitable beneficiaries, usually family. The minimum amount required to establish a charitable lead trust is $100,000. The creation of a charitable lead trust requires the approval of the Gift Acceptance Committee. In general, The UNCG Excellence Foundation, Inc. will not serve as trustee of a charitable lead trust.

3.1.2.5 Charitable Remainder Trust

A charitable remainder trust is a trust that provides for a specified distribution, at least annually, to at least one non-charitable income recipient for a period specified in the trust instrument, with the remainder interest paid to the University. The minimum amount required to establish a charitable remainder trust is $100,000. The creation of a charitable remainder trust requires the approval of the Gift Acceptance Committee. In general, The UNCG Excellence Foundation, Inc. will serve as trustee of the charitable remainder trust only if the trust is (1) irrevocable, and (2) the trust designates at least fifty percent of the residuum to the University.

3.1.2.6 Remainder Interests in Real Property (Life Estate)

A gift of a remainder interest in a personal residence or farm is a transaction in which an individual irrevocably transfers title to a personal residence or farm to the University with a retained right to the use of the property for a term that is specified in the gift agreement. At the conclusion of the measuring term, all rights in the property are transferred to the University. To create a gift of a remainder interest, the real property should have a market value of at least $100,000. As a condition of occupancy, the Donor will be required to enter into an agreement requiring that the Donor remain responsible for maintenance, taxes, utilities, insurance, and other costs associated with the property. The creation of a gift of a remainder interest requires the approval of the Gift Acceptance Committee. Such gifts are further subject to the conditions and guidelines applicable to gifts of real estate as outlined in section 3.1.3.6 below.

3.1.2.7 Life Insurance

The University will consider gifts of life insurance policies under the following circumstances:

A. The donor shall provide the complete life insurance contract and a current vanishing in-force illustration.

B. The University is designated as the owner of the policy (by absolute assignment or change of ownership) and, as a result, neither the donor nor any other party retains any incident of ownership over the policy.

C. The University must also be designated as the beneficiary of the policy.

D. To the extent the donor wishes to place restrictions on the University's use of the policy proceeds, such restrictions should be expressed in a writing (e.g., statement of intention, gift instrument, letter agreement, etc.) attached to the policy.

E. There are no outstanding policy loans (unless the University plans to immediately surrender the policy).

F. The policy has a minimum face value of $100,000.

G. The policy is not a "term" policy as there is no charitable value unless the donor dies prior to the end of the term.

H. The policy has a payment schedule that will generally not exceed twelve years and which assumes an interest rate not to exceed one percent below the prevailing prime interest rate as reported in the *Wall Street Journal*. For existing policies, an "in force" illustration will be required.

I. The donor signs a written pledge to the University to pay for the premium payments with gifts scheduled as each payment is due and acknowledges the right of the University to cash-in the policy and apply the proceeds for the benefit of the University in accordance with an existing endowment agreement, if any. If there is no endowment agreement, or if the minimum funding levels for the same are not attained with the proceeds, the pledge shall provide that the proceeds shall be applied for the benefit of the University as the University may deem appropriate, giving due consideration to the intent of the donor.

J. The face value of the policy, if intended for endowment purposes, must meet the minimum endowment levels in effect at the time of the gift.

K. In general, the value of a gift of a paid-up insurance policy is the policy's "replacement cost," defined as the single-premium amount that the issuer of the policy would charge for a similar policy for the same amount on the life of a person who is the same age of the insured at the time of the contribution. If the estimated value of the policy exceeds $5,000, the donor shall provide the University with a copy of a "qualified appraisal" prepared in accordance with IRS Regulations.

L. A donor may also purchase a special policy for the benefit of the University. Policies can be written that provide an income tax charitable deduction for premiums paid and an estate tax deduction for the policy proceeds.

M. Life insurance policies will only be accepted upon approval of the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration.

3.1.3 Property Acceptable as Gifts

Gifts will only be accepted in accordance with federal and IRS guidelines. The University has approved the gifts of the following types of assets subject to the guidelines and policies set forth below.

3.1.3.1 Cash, Checks, and Credit Cards

These will be accepted in accordance with state and federal laws. When a gift is not directly mailed to the GAO through the USPS, the "Gift Entry Information Form" along with the gift must be delivered to the GAO by UNCG staff for processing and receipting.

3.1.3.2 Publicly Traded Securities

A. Securities that are traded on the New York and American Stock Exchanges, as well as other major U.S. and foreign exchanges and the NASDAQ, corporate bonds, government issues, and agency securities may be accepted as gifts. In general, such securities shall be sold as soon as possible after their receipt. No employee or volunteer may agree to hold, sell through a specific broker, or trade on instruction of the donor a publicly traded security without the approval of the Vice Chancellor for Finance and Administration.

B. The value of a gift of securities is determined by averaging the highest and lowest selling prices quoted for the security on the day the transfer is completed by the donor to the University in compliance with Internal Revenue Service regulations. Gifts of inactively traded securities or securities that do not trade on the gift date present more complex valuation questions and must be valued in accordance with IRS Regulations.

3.1.3.3 Closely Held Business Interests

A. Closely held or non-publicly traded securities and interests in sole proprietorships, general and limited partnerships, S corporations, real estate investment trusts (REITs), and limited liability companies may be accepted only after prior review and approval by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration. Such review shall consider the marketability of the interest, any restrictions on its sale, and any tax consequences for the University associated with holding and/or disposing of such interest.

B. The University does not accept general partnership interests as gifts.

C. Any sale of these interests requires the approval of the Gift Acceptance Committee.

D. Valuation of closely held business interests is the responsibility of the donor. In the absence of a recent sale, the donor must provide evidence of the fair market value of the stock, as determined by a reputable appraiser or accountant. If the value of the gift is estimated to be $5,000 or more (except if the gift is of non-publicly traded securities with a value of $10,000 or less), the donor shall provide the University with a copy of a "qualified appraisal" prepared in accordance with IRS Regulations.

E. Minimum documentation required to accept closely held securities:

   1. Current appraisal required for gift crediting and accounting purposes prepared at the donor's expense.

2. Copies of all relevant restrictive documentation, including shareholders' agreements.
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of securities.
4. A hold harmless provision shall be included in the gift agreement.

3.1.3.4 Restricted Securities

A. Restricted securities (also known as unregistered securities, investment-letter stock, control stock, or private placement stock) may be accepted as gifts. Because of the complexity in transferring ownership and determining the fair market value of restricted stock, such gifts may be accepted only after review and approval of the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration.

B. As with closely held securities, the donor is responsible for determining the value of the gift, and for providing the University with a copy of a "qualified appraisal" prepared in accordance with IRS Regulations in the event the value of the gift is estimated to be $5,000 or more.

3.1.3.5 Mutual Fund Shares

A. Mutual fund shares may be accepted as gifts.

B. The fair market value of mutual fund shares is the redemption price on the valuation date of the gift.

C. Donors should allow sufficient time between the date of the instructions to transfer the shares and the actual date of the share transfer. In order to complete the transfer, the mutual fund company may need to establish an account for the university, which can be a lengthy process.

3.1.3.6 Real Estate

A. Gift Approval and Acceptance

1. Gifts of real estate, both improved and unimproved, may be accepted as outright gifts, bargain sales, installment sales, devises, or part of a charitable life-income plan. Potential gifts of real estate should be routed through University Advancement and are subject to approval by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration. Title to gifts of real estate may be taken into different University-associated entities, depending upon the circumstances of the gift and/or the potential use of the property in accomplishing the strategic mission of the University.
2. Because of the expenses associated with gifts of real property, only gifts with a net value of at least $100,000 will generally be considered.
3. Types of gifts not accepted or requiring extra scrutiny include: time shares, ground rents, and burial plots

4. Mortgaged Property
    i. A gift of mortgaged property to a charitable remainder trust will not be accepted under any circumstance.
    ii. A gift of real estate encumbered by a mortgage raises significant tax issues for the donor and the University. Gifts of real estate encumbered by mortgages, deeds of trust, liens, etc. may be accepted only after review and approval by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration.

5. Because of the risks and expenses associated with owning property, a thorough evaluation of the condition and characteristics of any proposed gift of real property is necessary before a gift may be accepted. For conditional acceptance, the Development Officer, with the assistance of The Office of Planned Giving, the University Property Office, the Assistant Vice Chancellor for Foundation Finance, with the approval of the Associate Vice Chancellor for Development, will prepare a written summary of the gift proposal and submit that summary to the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration for consideration and approval. At a minimum, the summary shall include the following information:
    i. description of the property;
    ii. purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift;
    iii. estimated value of the property and marketability;
    iv. potential for income and expenses, encumbrances, and carrying costs prior to disposition, including a disclosure statement reflecting all carrying costs, including but not limited to taxes, insurance, association dues, membership fees, and transfer charges
    v. potential strategic use by the University to advance its mission;
    vi. special arrangements requested by the donor concerning disposition; (e.g., price considerations, potential buyers, realtors or brokers with whom the donor would like the University to list the property, etc.)
    vii. pertinent findings of fact such as zoning or other regulatory considerations which could impact value or marketability; and
    viii. a preliminary market feasibility study for purposes of liquidation.

B. Notification

The Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration, after review, shall communicate the final determination to the Office of Planned Giving Services and the Development Officer, and the Development Officer shall communicate the University's decision to the donor in writing, including any conditions imposed by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration prior to acceptance.

C. Conditions

1. All gifts of real estate may be subject to final acceptance conditioned upon further due diligence. Unless waived by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration, the donor shall be responsible for all costs associated with these items which may include but are not limited to:

   i. demonstrating marketable title in the donor free of unacceptable encumbrances, as evidenced by either a title insurance commitment free issued by a reputable title insurance company or a title search certified by an attorney;
   ii. an advanced market feasibility study for purposes of liquidation;
   iii. being unencumbered by Recognized Environmental Conditions (RECs); as demonstrated by a Phase I Environmental Assessment or Environmental Transaction Screen;
   iv. evidence that value-contributing structures are in sound condition, as shown by a building and pest inspection or a structural engineering report, where appropriate and evidence of compliance with the Americans with Disabilities Act (where applicable);
   v. a review of leases (for commercial property);
   vi. an on-site evaluation by a representative of the University or a consultant hired for this purpose; or
   vii. other evaluations, as deemed necessary for final approval, such as an appraisal or boundary survey.

2. If findings from any of the conditional evaluations recommended are unsatisfactory, the gift proposal shall route back to the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration for further consideration and a final determination for approval or further conditions will be made.

D. Completion

Upon approval, the gift is completed with the execution and delivery of a deed (preferably in the form of a warranty deed or trustees' deed) or other appropriate conveyance of gifted property. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees, will be either paid by the donor or charged to the department(s), program(s), or endowment(s) to benefit by the gift. Advancement Operations will then acknowledge receipt of the gift on behalf of the University upon notice by the Assistant Vice Chancellor for Foundation Finance that the property has been properly recorded in the local Register of Deeds.

1. Within 60 days of transfer, it is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS. For these gifts, the IRS requires the filing of Form 8283 by the donor. This form should be sent by the donor to Advancement Operations for securing signatures of University Officials prior to donor's filing with the IRS.

2. Gifts of real property shall be valued by the Division of Finance and Administration at their fair market value on the date of transfer. The Division of Finance and Administration may either rely on the donor's appraisal or seek an independent appraisal to establish this value.

E. Gift Disposition

1. Unless a property is intended to be used by the University for a strategic purpose, it is the University's general policy to dispose of all gifts of real estate as expeditiously as possible, on balance with maximizing net proceeds of the sale. Authorized representatives of the University and its associated entities, in conjunction with the Division of Finance and Administration staff are responsible for the sale or disposal of such property and will seek to obtain a fair and reasonable price for the property. The deed from one of the University's associated entities to a third party at the time of sale will be by way of a special warranty deed, bargain sale deed or quitclaim deed, rather than a warranty deed.

2. At the time of gift acceptance, the University cannot guarantee the net proceeds nor the length of time in which proceeds will ultimately be distributed for the donor's intended purpose. The University may incur certain expenses associated with the holding and sale of real estate, which accrue with time. Such expenses may include property taxes, association dues, utilities payments, and other fees. In an effort to maintain and sell the property, the University may also, in its sole discretion, opt to contract for services such as property management or real estate brokerage. Any associated property expenses, in addition to all closing costs, will be deducted from the net proceeds of the gift.

3. The donor may assist in locating a buyer for the property, but property should not be accepted if the University would be bound by any marketing or sales agreement with any agent or principal, nor should the buyer have signed a binding contract to sell the property prior to the transfer to one of the University's associated entities.

3.1.3.7 Tangible Personal Property (Gifts-In-Kind)

A. Gifts of tangible personal property, or gifts of tangible personal property that are in the form of a bequest intention, with an apparent value of $5,000 or more must be approved by the Gift Acceptance Committee.

B. Gifts of tangible personal property to UNCG or any associated entity, including but not limited to art, antiques, collections, manuscripts, books, vehicles, marine vessels, and computer hardware may be accepted only after review and approval by the Vice Chancellor for Finance and Administration and the Vice Chancellor for University Advancement.

C. Gifts of tangible personal property must have a use related to the exempt purpose of the University. Donors should consult with their tax advisors regarding the availability and amount of such deduction.

D. A gift of tangible personal property should be accepted only after a review indicates that the property is readily marketable or can be used by the University in a manner related to its exempt purpose. No personal property shall be accepted under conditions which obligate the University to own the property in perpetuity without the prior review and approval of the Vice Chancellor for Finance and Administration and the Vice Chancellor for University Advancement. In addition, no perishable property or property that would require special facilities or security to be properly safeguarded shall be accepted without the prior review and approval of the Vice Chancellor for Finance and Administration and the Vice Chancellor for University Advancement.

E. Tangible personal property given to the University shall be used or sold for the benefit of the University. The University's intention to sell the property or to use it to further the University's educational activities will be communicated to the donor when the University receives notification of the donor's intent to make a gift of personal property.

F. Gifts of personal property shall be valued at their full fair market value.

G. Donors must provide the University with a written valuation of the gift-in-kind. Gifts-in-kind with an apparent value of $5,000 or more must be accompanied by a qualified appraisal (see below). Appraisals are not required for:

   1. closely held stock which must be appraised before consideration only if the apparent value is at least $10,000;
   2. gifts of service (not countable in fundraising reports or deductible by donors);
   3. gifts by a company of the company's product;
   4. gifts of out-of-pocket expenses; or
   5. limited use of private property.

H. If an appraisal is required but is not submitted before the gift is accepted, the value of the gift for recognition purposes will be the greater of $1.00 or the University's selling price. In cases where the apparent value is less than $5,000 or the donor is a corporation, foundation or an association, the donor may be required at the University's discretion to submit an appraisal.

I. The Division of Finance and Administration oversees the University's compliance with IRS regulations concerning the sale of donated assets.

J. The University's Division of University Advancement will, upon request, provide donors with general information on tax deductibility and IRS appraisal requirements for gifts-in-kind; nevertheless, all donors should be advised to contact their personal financial advisors, tax attorneys, or accountants for advice regarding such gifts.

K. University employees and representatives are prohibited from providing tax advice of any kind to any donor or potential donor.

L. The University does not appraise gifts-in-kind. The donor is responsible for substantiating the value of gifts for the IRS. Therefore, no values for gifts-in-kind, except for publicly traded securities, will appear in acknowledgment letters or gift receipts, only a description of the gift.

M. The value of a gift-in-kind that will be used for counting and donor recognition purposes will be the value that the donor has established for gifts-in-kind which have an apparent value less than $5,000. For gifts with an apparent value of $5,000 or more, the value that was provided by the donor in writing, accompanied by a qualified appraisal (see below), where the appraisal is received within a reasonable period of time, will be used for counting purposes and donor recognition purposes. When an appraisal exists that only states a dollar range for a gift-in-kind, the midpoint of that range will be used for counting purposes. In the absence of a donor established value or qualified appraisal, gifts-in-kind will be valued at $1.

N. If a donor wishes to provide labor and materials for a specific project as a gift-in-kind, an invoice from the company detailing the labor portion and the materials portion will suffice in lieu of an appraisal. Only the materials portion of the invoice will be used for counting and donor recognition purposes.

O. A gift-in-kind with an apparent value of $5,000 or more that will be sold at a University fundraising auction must be approved by the Vice Chancellor for Finance and Administration and the Vice Chancellor for University Advancement before the sale.

P. Contribution credit for out-of-pocket expenses can only be given if the donor submits receipts or check copies clearly indicating the vendor name and the service or material purchased, and receipts indicating acceptance of final products or services resulting from the expenditure.

Q. No deduction is allowed by the IRS for a contribution of services to a charitable organization, no matter how valuable such services may be to the University and the value of the services are not countable in fundraising reports.

R. Individuals who are contemplating donations of gifts-in-kind will be informed by appropriate development officers of University policies regarding the internal process, appraisal requirements, and policies regarding disposition of gifts held for sale.

S. To present any gift-in-kind or gift of out-of-pocket expense for acceptance, except real estate, the following documentation must be provided to the GAO by the department or development officer within one day of receiving the gift:

   1. The Gift-in-Kind Review Form will be completed and signed by a professional staff member and sent to the GAO. If the apparent value is $5,000 ($10,000 if closely held stock) or more and from an individual donor, the appraisal must be attached.

2. Attach a letter from the donor stating the intent of the gift and the value they have placed on it. No University employee shall determine or place a value on any gift-in-kind.

T. The GAO will ensure that materials are complete and for all gifts-in-kind of $5,000 or more. A copy of the Gift-in-kind documents will also be forwarded to the Assistant Vice Chancellor for Foundation Finance.

U. Prior to sale of a gift-in-kind, the Manager of Insurance & Risk Control in Purchasing & Risk Management notifies the Vice Chancellor for University Advancement that the gift is about to be sold. All transaction concerning equipment to be capitalized (not held for sale) are sent for approval to the Controller.

V. Immediately after a sale of property sold within two years of its receipt as a gift, the Manager of Insurance & Risk Control in Purchasing & Risk Management submits all information required on IRS Form 8283 to the GAO. The GAO completes Form 8283 and sends it to the IRS with a copy sent to the donor.

W. Qualified Appraisal

1. An appraisal must be made no earlier than 60 days prior to the date of the gift or no later than the due date of the donor's tax return.
2. The appraisal should accompany all other gift documentation and if not, the gift will be recorded at the value of $1. If, for any reason, the appraisal does not accompany all other gift documentation, it will be accepted, and the gift may be revalued in the UNCG development system if approved by the Division of Finance and Administration. Generally, the appraisal should not be received later that the fiscal year that the gift was accepted and recorded.
3. The appraisal must be prepared, signed, and dated by a qualified appraiser, who:

   i. has earned an appraisal designation from a recognized professional appraiser organization;
   ii. regularly performs appraisals and received compensation;
   iii. can demonstrate verifiable education and experience in valuing the type of property being appraised
   iv. has not been prohibited from practicing before the IRS at any time during the three years preceding the appraisal; and
   v. is not the donor; an employee of UNCG or one of its associated entities; a party to the donor's acquisition of the property; or employed by or related to any of the above.

X. An appraisal must include the following required information:

   i. a description of the property including its physical condition and title of ownership,
   ii. date or expected date of the gift,
   iii. terms of the gift including any limitations,

iv. identity and qualifications of the appraiser,
v. statement that the appraisal was prepared for income tax purposes,
vi. preparation date,
vii. appraised fair market value,
viii. valuation method,
ix. specific basis for evaluation, and
x. appraiser’s declarations, including any contingent and limiting conditions of the asset or appraisal.

Y. Works of Art

The guidelines for valuation of gifts of works of art are established by the Internal Revenue Service and are applied to each donor who wishes to claim a charitable deduction. Copies of the IRS guidelines may be obtained from any IRS office, or from a tax attorney or tax accountant.

3.1.3.8 Other Property

Other property of any description (e.g., mortgages, notes, copyrights, royalties, etc.) may be accepted only with the approval of the Vice Chancellor for Finance and Administration and the Vice Chancellor for University Advancement.

3.1.4 Matching Gifts

Any form supplied by a donor to apply to the donor's employer for a gift to be matched must be presented to the GAO for the original gift to be verified. The Assistant Vice Chancellor, Advancement Operations has been authorized to sign such gift applications.

3.1.5 Gifts to Custodial Funds / Student Groups

The university does not accept gifts to custodial funds. Custodial funds are funds held or generated for reimbursement of specific expenditures for activities such as student groups, study abroad programs, field trips, and other “flow–through” activities. These funds are held for others for which the University acts as custodian or fiscal agent on behalf of the payer.

4. Pledges

4.1 Pledges are only to be recorded when full payment is expected at some point in the future. There must be some document, either from the donor to the University or from the University to the donor, outlining the pledge agreement. Pledges made through an official telefund/call-center are exempted from this requirement.

4.2 When a donor has placed restrictions on the pledge, the current statement of establishment template for endowments and other current restricted funds, must be used to document such gifts.

4.3 The pledge amount booked is to be only the amount of the commitment from the donor and must not include amounts expected to be received from employer matching gifts or from Donor Advised Funds.

4.4 The University must have a very good understanding of the donor's payment intentions/schedule so that future anticipated payments can be value-dated. Furthermore, there must be proof that pledges are in good standing through timely payment.

4.5 Pledges not in good standing, for which there is no supporting correspondence with the donor outlining revised payment terms, are subject to further clarification of payment intention and either reducing the pledge to the amount paid or voiding the pledge.

4.6 If full payment is received at the same time a "pledge" is made, a pledge record does not need to be created.

4.7 Pledges will not be over-paid. If the final payment against a pledge will cause the sum of all payments to exceed the original pledged amount, the pledge amount will be adjusted to equal the total amount paid. If the donor indicates that the excess amount paid is an additional gift, it will be processed as such. If they indicate that the excess amount paid is to establish a new pledge, a new pledge record must be created and the payment split accordingly.

4.8 The standard pledge payment schedule is no longer than five years with equal payments each year. Donors are permitted to pay over a shorter period. However, if a donor requests a payment period greater than five years, documented approval of the Vice Chancellor for University Advancement is needed. The extended payment schedule will be granted only under exceptional circumstances. If a payment schedule for an existing pledge is renegotiated for a new fulfillment period longer than five years, it also requires the same documented approval by the Vice Chancellor for University Advancement.

5. Endowments

5.1 An endowment fund is a permanent, self-sustaining source of funding for the university. Endowment assets are invested. Each year, a portion of the value of the fund is paid out to support the fund's purpose, and any earnings in excess of this distribution are used to build the fund's market value.

5.2 A signed Statement of Establishment (SOE) is required to establish an endowment account. With the acceptance of endowment funds from an outside donor, the University assumes certain fiduciary responsibilities. These responsibilities include making sure the funds are held and expended in compliance with the donor's wishes. The University and the Foundations have adopted model SOEs for this purpose. This signed SOE ensures (a) the donor clearly understands the policies by which their gift will be managed and (b) the University clearly understands how the payout is to be used and any other unique terms and conditions of the gift. Since permanent endowments continue in perpetuity, it is very important that the University maintain in all permanent records, a clear understanding of any donor's restrictions.

5.3 The minimum amount needed to fund endowments are found in the Named Gift

Standards.

5.4 When planned gifts, such as a Charitable Gift Annuity, are used to fund an endowment, the projected residuum will be used to meet the endowment minimum, not the amount of assets transferred to establish the planned gift.

5.5 Entity Location of Endowments

A. Endowments will be Excellence Foundation endowments unless they are for faculty/staff wage or salary support. In such cases these endowments will be UNCG endowments.

5.6 Investment Policy

A. Endowment gifts to the University will be invested into the University Investment Fund. Gifts to the University will be invested in the Foundation's endowment pool. Endowments are invested based on the investment policy of the entity in which the endowment funds are held.

B. Donors cannot specify how endowments are invested nor separately invest funds.

C. Under the direction of the University Investment Fund's Investment Committee, professional fund managers invest endowments through a Strategic Asset Allocation process that focuses on growth and preservation of capital and income.

5.7 Distribution Policy

A. Endowment distributions are determined by the spending distribution policy. The spending rate is determined and approved annually by the University Investment Fund Board. Spending from the Fund in any one fiscal year shall not exceed 5.5% of the “average market value” of the Fund.

B. When the market value of an endowment is less than the book value of an endowment (underwater endowments), there will generally be no distribution from the endowment for spending and will be specified in the distribution policy of the entity in which the endowment funds are held.

5.8 Classifications of Endowments

Funds can be either restricted or unrestricted. Restricted endowment funds are funds for which the donor specifies how the endowed Payout will be used. Unrestricted endowment funds are funds for which the annual payout is used at the discretion of the University.

A. Permanent Endowments

The donor specifies the principal is to be invested and maintained in perpetuity; only the payout may be expended for the donor-specified purpose.

B. Term Endowment

Similar to a permanent endowment fund except after the expiration of a stated period or occurrence of a specified event as stipulated by the donor, all or part of the principal may be expended as directed by the endowment agreement with the donor.

C. Quasi Endowment

Quasi endowments are established by the University, not a donor. The principal of the endowment can be liquidated by the University in whole or in part upon designation of the University.

6. Special Fundraising Events and Gifts Associated with Donor Benefits

6.1 In accordance with IRS requirements, invitations, reply cards, tickets, letters, and other printed materials connected with a fundraising event must also reflect the fair market value of any benefit to the donor. This applies to all fundraising events, including those that are underwritten. The concept of benefit is applied even if the donor does not attend the event but receives a ticket or does not exercise rights associated with membership. It is insufficient to state on the materials only “deductible to the extent provided by law.”

6.2 Benefits are defined as the fair market value of a ticket to any event, of any good or service purchased at an auction, or of consideration associated with a membership. In relation to any event, the term benefit applies, but is not limited to, the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. The benefit associated with a purchase at an auction is equal to the fair market value of the good or service bought. In relation to memberships, benefit refers to the fair market value of gifts and privileges associated with the level of membership.

6.3 Premiums (meals, etc.) offered to a donor in return for purchasing tickets to fund-raising events cannot be considered gifts to the University. The dollar value of a premium or privilege must be stated clearly in all promotional materials and on tickets sold, so that a potential donor will know what portion of a payment to the University will be considered a deductible gift.

6.4 The correct name and verified address of each donor who has contributed to any fundraising activity of the University must accompany the “Gift Entry Information Form,” which is delivered to the GAO. The University receipt will be prepared from this information.

6.5 All acknowledgements for gifts associated with direct benefits should state the fair market value of the benefit received by the donor. Therefore, information on the fair market value of benefits must be submitted by units or groups sponsoring events to the Manager of Gift Accounting for the purposes of including that information in acknowledgements and giving histories and supplying to donors upon request. Gift receipts will direct donors to call the Manager of Gift Accounting for information on benefits.

7. Corporate Sponsorships

UNCG will consider funds given by corporations and organizations to sponsor university activities, events or programs as gifts as long the recognition the corporation receives does not constitute advertising, which is defined as competitive pricing or product information displayed because of the gift. If the recognition received fits this definition of advertising, the sponsorship is an exchange transaction, not a gift. For a sponsorship to qualify as a gift, all the conditions below must exist:

A. the gift must be made by a person or corporation engaged in a trade or business and

B. the sponsor should not expect nor receive a substantial return benefit for the payment other than name acknowledgement and/or promotional value.

C. The promotional information should be limited to:

D. sponsor's location, telephone number, internet address;

E. value-neutral description of sponsor's products or services;

F. sponsor's brand/trade name or logo or product/service listings;

G. there is no qualitative or comparative advertising of sponsor's products or services such as pricing, savings, value, purchase/sale inducements, etc.; and

H. the sponsorship should not be contingent on event attendance, ratings, or public exposure.

8. Confidentiality of Donor and Gift Information

8.1 Information about Donors

Personal or financial information held by the University, which is given in confidence by, or collected by the University and/or associated entities about donors or prospective donors will not be released to the public except to the extent required by law. Requests for such releases are to be referred to the Assistant Vice Chancellor, Advancement Operations.

8.2 Information about Gifts

The University may publish in its annual report an honor roll of donors who have made contributions in support of the University during the previous reporting period if the donor has not asked to remain anonymous. The honor roll is based on broad giving levels. The University may release additional, more specific information about such gifts and their uses, as well as their donors, to focus positive attention on a university program or project or to gain support for the University's teaching, research, or public service activities, with permission form the donor.

9. Refunding of Gifts

9.1 The University or a University Associated Entity in its sole discretion may determine that it is necessary to refund only the residual portion of a gift, either because it is in the best interest of the University or University Associated Entity to do so or because conditions agreed to in accepting the gift cannot or will not be met.

9.2 A request for the refund must be sent to the Vice Chancellor for University Advancement for approval prior to making a commitment to the donor. If approved, the request must be sent to Advancement Operations by the University or University Associated Entity as a gift adjustment and the adjustment will flow to the general ledger. If the donor has filed a tax return claiming a charitable deduction for the gift, the donor will need to contact their tax advisor to determine if the donor needs to amend their tax return.

10. Gifts from University Faculty and Staff

Gifts from faculty and staff must meet the following criteria to be deductible for tax purposes:

A. charitable intent should be the primary reason for making the contribution’

B. the contribution must be credited to a fund not under sole control of or does not financially benefit the donating faculty or staff member personally; and

C. the faculty or staff donor should not receive or expect to receive future remuneration from the fund to which his or her gift was credited.

D. Examples of deductible gifts include:

E. signing an honorarium check over to the department, at which point that faculty member does not have control over the receiving fund (this is taxable income to the faculty member as well);

F. making a stock donation to fund a life income gift to ultimately benefit a University-wide scholarship endowment; or

G. donating equipment or materials for use by the department.

11. Conditional Gifts That Require University Matching

The University or any associated entity may not accept any restricted or conditional gifts that impose an obligation on the University to expend resources in addition to the gift or that impose an obligation on the University’s operation without prior approval by the Vice Chancellor for Finance and Administration.

12. Donor Advised Funds (DAFs)

On December 4, 2017, the IRS released a notice that describes proposed guidance the IRS and Treasury are considering with respect to DAFs. UNCG will follow this guidance. The comprehensive rules governing DAFs enacted in 2006 gave rise to many interpretive questions that have remained unanswered for over a decade. Notice 2017-73 describes regulations the IRS and Treasury are considering that would establish the following rules:

12.1 **Fulfillment of Donor Pledges**

Grants from a DAF that fulfill the personal pledge of a donor, donor advisor or certain related persons (collectively, a "Donor/Advisor") – even a legally binding pledge – would not be treated as a "more than incidental benefit" under section 4967 of the Code that gives rise to excise taxes so long as the following requirements are satisfied:

A. the DAF sponsoring organization makes no reference to the existence of any charitable pledge when making the distribution from the donor's DAF (references to the name of the person who advised on the distribution are permitted);

B. no Donor/Advisor receives, directly or indirectly, any other benefit that is more than incidental on account of the DAF distribution (such as those described below or set forth in future guidance); and

C. the Donor/Advisor does not claim a charitable contribution deduction for the DAF distribution, even if the charity receiving the distribution mistakenly sends the Donor/Advisor a tax acknowledgement.

D. The Notice provides that donors and DAF sponsoring organizations may rely on this guidance relating to fulfillment of pledges immediately.

12.2 **Charity Events and Membership Fees**

Grants from a DAF that enable a Donor/Advisor to attend or participate in a charity-sponsored event would result in a more than incidental benefit, even if the Donor/Advisor pays the non-deductible portion of the cost of the ticket. This would result in a penalty excise tax on any Donor/Advisor who advises as to the distribution or who received the benefit of the payment from the DAF. The IRS has previously indicated informally that it views grants that enable a Donor/Advisor to attend an event as a violation of the rule prohibiting more than incidental benefits from DAFs. Similarly, a grant from a DAF to pay on behalf of a Donor/Advisor the deductible portion of a charity membership fee that has deductible and non-deductible portions would also result in a more than incidental benefit and penalty excise tax.

13. Donor Anonymity

13.1 When donors to UNCG request anonymity or confidentiality, the gift officer or appropriate staff member, will discuss with the donor the different levels of donor or gift anonymity to verify that the donor and the university have the exact same understanding of what it means to be an anonymous donor. The Division of University Advancement will keep a record of the donor for legal and administrative purposes and may choose to share that information internally for stewardship or administrative purposes based on documented donor wishes. The information will not be released externally or publicly. Any public reference to the gift will list the donor as "Anonymous." Upon the death of an anonymous donor, UNCG may, if in keeping with the donor's wishes, share information about the donation with the deceased's counsel and/or immediate family solely for administrative or legal purposes.

13.2 Below is information on what it means at UNCG to be a completely anonymous donor or for just a specific gift to be anonymous:

13.2.1 Complete Anonymity – where a donor wants to be completely anonymous

A. no recognition, no stories in publications;

B. no listing in donor honor roll or wall of honor other than "Anonymous";

C. no gift receipt unless the donor requests one;

D. no acknowledgement letter unless the donor requests (development officer responsible);

E. no system record with identifying personal information; and

F. no soft credit in fundraising system linked to donor's record (if they have a "non"-anonymous record also or linked to the anonymous donor's Donor Advised Fund).

13.2.2 Gift Anonymity Only:

A. no recognition, no stories in publications for the gift in question;

B. listing in the donor honor roll or wall of honor;

C. gift receipt;

D. acknowledgement letter;

E. system record with identifying personal information; and

F. soft credit in fundraising system linked to potential Donor Advised Fund.

13.2.3 UNCG uses its best efforts to maintain anonymity. The University does not guarantee anonymity, however, as anonymity may not extend to audits, government subpoenas, or circumstances in which the UNCG Board of Trustees has a "need to know" identifying information about a donor or gift.

14. Gift Societies and Donor Honor Rolls

14.1 The Division of University Advancement administers University-wide donor recognition societies, clubs, and honor-rolls. Donors may become members of donor recognition societies based on the total amount of cash, non-cash, matching gifts, active pledge balance, soft credit, irrevocable planned gift, and 100% of the face value of any documented revocable planned gift.

14.2 Recognition to a corporation, foundation, family, or organization is to the particular entity. However, each entity may designate one or more individuals to represent it in accepting recognition.

14.3 Corporation and foundation gifts that match employee donations are credited for recognition purposes, but not tax purposes, to both the employee and the matching entity.

15. Version History and Change Log

Date	Version	Summary
05/12/2020	1.0	Procedures adopted and published.