University of Wisconsin La Crosse Foundation, Inc.

Gift Acceptance and Reporting Guidelines

INTRODUCTION

These Gift Acceptance and Reporting Guidelines have been written to provide guidance and counsel to those individuals involved in the university advancement process at the University of Wisconsin-La Crosse and the UWL Foundation. All gifts are to be accepted in accordance with the policies set forth herein.

These guidelines have been developed according to principles established by the Council for Advancement and Support of Education (CASE), as well as the National Association of College and University Business Officers (NACUBO). Both organizations are the recognized leaders in the advancement industry and will continue to serve as a source for counseling should occasions arise outside the scope of this document.

These guidelines should not be interpreted as legal, tax or financial advice. All donors are encouraged to seek counseling from their personal advisors. Advancement staff is to provide information only when meeting with potential donors and avoid counseling activities and potential conflict of interest situations.

It is also important to note that these guidelines have been provided only for the development of fundraising management reports and are not intended to replace or confirm the various publications related to accounting principles and management. These guidelines are not intended to affect the revenues and fund balances of the institution’s published financial statements, and in fact, they, along with accompanying reports, should be reviewed and considered independently of the financial statements.

Gift activity should be directed to the Foundation in all instances. All gifts shall be considered thoroughly for acceptance and any gifts accepted by the University and the Foundation will utilize charitable gift-making methods which conform to federal and state tax regulations.

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## External Solicitations

All faculty and staff members are encouraged to assist in the development of acceptable gifts to the Foundation. However, such participation must conform to the policies outlined herein and must be coordinated with the office of University Advancement and the UWL Foundation.

## Departmental and Organization Appeals

The office of University Advancement and the UWL Foundation encourage all administrative and academic units, as well as campus-based organizations, to seek assistance in soliciting acceptable gifts to the Foundation for a wide variety of activities. Requesting units or organizations shall be expected to provide materials for written appeals, when possible, and be responsible for all costs associated with the mailing and processing of appeals, pledges and payments as agreed upon in advance. Costs may be reimbursed from funds raised during the appeal.

## Foundation Board Role

All gifts should be considered on a case-by-case basis with initial inquiries for those requiring board approval to first be directed to the Development Committee (Philanthropy & Stewardship starting in 2017).

1. **Gift Acceptance and Processing**
2. Definitions and Terms
3. Restricted Gift – a gift to the Foundation for which the donor designates a specific purpose.
4. Unrestricted Gift – a gift to the Foundation for which no specific purpose has been designated, or has been described for use where the university needs it the most.
5. Endowment Gift – An endowed gift requires the gift corpus be held in perpetuity and only the income generated by investing the corpus may be spent (preferred).
6. Quasi-endowment Gift – a gift to the Foundation for which the donor wants the corpus to be invested like an endowment gift but both income and corpus are eligible to be spent (preferred).
7. Quid Pro Quo Contributions – a payment made partly as a contribution and partly in consideration for goods or services provided to the donor by the University or Foundation.
8. Unacceptable Gifts
9. Gifts that violate any federal, state or local statute or ordinance.
10. Gifts that could cause embarrassment to the University and/or Foundation.
11. Gifts that create a fund that reserve for the donor or designated representative the right to designate the individual recipient.
12. Revocable gifts that commit the University or Foundation to name a building, program or endowment fund without an outright gift accompanying it.
13. Gifts that stipulate future employment opportunities.
14. Gifts that contain unreasonable conditions (i.e. property in bankruptcy proceedings).
15. Gifts that are intended to be tuition payments for a family member of the donor.
16. Gifts that are financially unsound or could expose the University or Foundation to liability.

## Acceptable Gifts – Determining Value and Date Received

1. Cash and Checks
2. Checks should be made payable to the UWL Foundation.
3. The value of any cash gift is the face value of the check or cash.
4. The amount of the cash gift should be reported as of the date it is received by the Foundation, though receipts may be generated for donors based on postmark date.
5. Marketable Securities
6. Any securities that are publicly traded on any of the exchanges shall be accepted.
7. The value of the gift of marketable securities shall be the average of the high and low quoted selling prices on the date the donor relinquishes dominion and control of the securities.
8. A gift of marketable securities shall be recorded on the date of mailing or other delivery. However, if the securities are given to the donor’s agent or to the issuing corporation for transfer to the Foundation, the gift shall not be recorded until the date the security is transferred on the books of the corporation.
9. Real Estate
10. Gifts of real estate shall only be accepted with prior approval by the Board of Directors in consultation with the Foundation President.
11. No gift of real estate with a fair market value greater than $5,000 shall be accepted without a current, qualified independent appraisal, paid for by the donor.
12. The Foundation may also require a Phase I environmental impact study as determined on a case-by-case basis.
13. The Foundation will also require the following with any real estate gift:

1) A title search and title policy.

2) An on-site evaluation by selected appropriate University staff.

3) Conveyance by warranty deed preferred over Quit Claim deed.

1. Gifts of real estate should be counted at full market value regardless of the value the donor may be able to take as a charitable deduction. Gifts of $5,000 or less may be reported at the value declared by the donor or determined by a qualified expert on the faculty or staff.
2. Gifts of real estate shall be recorded on the day title is transferred to the Foundation and properly recorded in the appropriate county’s records.
3. Tangible Personal Property/Gifts-in-Kind
4. Tangible personal property shall only be accepted upon approval by the Foundation President, in consultation with the receiving department and the University’s Vice Chancellor of Administration and Finance.
5. Tangible personal property believed to have a value of more than $5,000 will not be accepted without a qualified, independent appraisal as defined by IRS guidelines and paid for by the donor.
6. Gifts of tangible personal property shall be counted at fair market value regardless of the value the donor may be able to take as a charitable deduction.
7. Gifts of tangible personal property shall be recorded on the day of delivery, with qualifying appraisal, to the University or Foundation.
8. Gifts-in-kind (materials or long-lived assets) which serve the purpose of the University or the Foundation shall be reported at the face (fair market) value. Equipment, computer hardware and software shall be reported at the educational discount value, if applicable.
9. If the gift-in-kind is unrelated to University or Foundation activities, the gift shall have an allowable contribution deduction reduced by the amount of gain that would have been long-term capital gain had the property been sold at fair market value.
10. Closely Held Securities
11. Closely held or non-publicly traded securities may only be accepted or sold with the approval of the Foundation Board of Directors in consultation with the Foundation President.
12. Gifts of closely held securities exceeding $10,000 in value should be reported at the fair market value as determined by a qualified independent appraiser paid for by the donor.
13. Gifts of closely held securities of $10,000 or less may be valued at the per-share cash purchase price of the most recent transaction. If no transaction has occurred during the reporting period, an independent certified public accountant that maintains the books for a closely held corporation shall be deemed to be qualified to value the gift.
14. A gift of closely held securities shall be recorded on the day they are transferred on the books of the corporation.
15. Quid Pro Quo Contributions
16. The amount of a quid pro quo gift to report is the amount of the contribution that exceeds the value of the benefits the donor receives from the University or Foundation in return for the gift.
17. Items must have “substantial” value, as defined annually by the Internal Revenue Service, to be considered as benefits and therefore, subtracted from the donor’s contribution.
18. Items that have insubstantial value need not be subtracted from the donor’s contribution.
19. The value of the benefits should be calculated at the fair market value and not the cost to the University or the Foundation.
20. IRS rules and regulations change each year and should be consulted for limits and ceilings on the value of benefits and premiums.
21. Assignment of Income
22. A person may assign to the Foundation income that the person would have received from a third party as payment for services (i.e. honoraria for speaking engagements).
23. The assignment of income shall be reported as the face value of the amount assigned and credited to the person making the assignment and not to the third party making the actual payment.
24. A gift of assigned income shall be credited on the date of delivery to the Foundation.
25. Grants and Contracts
26. Contract revenue shall be excluded from all private support reports.
27. Government grants and awards shall be excluded from all private support reports.

## To be eligible to be declared a gift grant, and included on all private support reports, the transaction between the University or the Foundation and the resource provider should follow these general characteristics as established by NACUBO:

1. The initiative for the project comes from the organization receiving the funds.
2. Proprietary results belong entirely to recipient organization after the work is completed.
3. Results of the work must have no commercial value for the resource provider.
4. The recipient organization defines performance objectives such as a detailed report and a timetable for meeting objectives.
5. The time and place for delivery of results are not specified.
6. The resource provider does not receive commensurate value in return for support.
7. The recipient determines ownership of the products of the research.
8. The recipient holds unconditional right to receive the funds.
9. The recipient retains control and ownership of any work completed after completion of the project.
10. The funds are used to carry out an already existing program of the recipient organization.
11. The recipient participates actively in determining how the funds will be spent.
12. If the transaction between the University or the Foundation and the resource provider meets the following characteristics, then it is considered a contract as outlined by NACUBO and should not be included on any reports detailing private support:
13. The funds provide goods/services for a program of the resource provider.
14. Initiative for the project comes from the resource provider.
15. Proprietary results belong to the resource provider, in whole or in part, after the work is completed.
16. The results of the work have a specific commercial value for the resource provider.
17. The resource provider sponsors research and development activities and retains patents, copyrights, advance and exclusive knowledge of outcomes.
18. Payment supports direct/immediate need of government or organization that provides the funding.
19. Benefits to the resource provider are primary and public benefits are secondary.
20. The resource provider defines performance objectives, such as a detailed report and a timetable for meeting objectives, which if not met, may trigger a default of the contract.
21. The time and place for delivery of results are suggested.
22. The project fulfills a service as prescribed by the resource provider.
23. The recipient gives up the benefits of the research to the resource provider.
24. The recipient pays economic/punitive penalties for failure to meet agreement.
25. Deferred or Planned Gifts
26. Charitable Gift Annuities
27. A charitable gift annuity is a contract between the Foundation and a donor that provides a guaranteed lifetime income for the donor and/or designated beneficiary in return for an irrevocable gift.
28. A charitable gift annuity may only be funded with cash or securities. If funded by securities, capital gains tax must be paid for by the donor over the life of the annuity.
29. No charitable gift annuity shall be accepted which names an income beneficiary under 60 years of age without prior approval from the Foundation Board of Directors in consultation with the Foundation President.
30. Charitable gift annuities may be accepted from younger donors when the income stream begins at age 60 or after, with any deviation in age subject to the same approval procedure stated in item 3) above.
31. There shall not be more than two income beneficiaries for a charitable gift annuity. This can be the donor and one heir, or two heirs.
32. The minimum initial contribution for a charitable gift annuity shall be $10,000. An additional gift annuity may be made with a minimum contribution of $5,000.
33. The Foundation shall follow the annuity tables set by the Committee on Gift Annuities.
34. There are three basic types of charitable gift annuities which may be accepted:
35. Immediate Gift Annuity – income is paid out on schedule immediately after the gift is made.
36. Deferred Annuity – income is paid out at a future date agreed upon by the donor and Foundation though the gift is made at the time of the agreement.
37. Lump Sum Option Deferred Annuity – this is contractually identical to the deferred annuity except for an added provision allowing the income beneficiary to elect, at any time before payments are scheduled to begin, to receive a single, lump sum payment in lieu of payments for life.
38. Charitable gift annuities are to be reported in two different methods as per CASE guidelines. The face (fair market) amount transferred should be reported in the face value area under “Deferred Gifts”. The amount allowable as a deduction (face value minus the present value of the annuity) should be reported in the present value area under “Deferred Gifts”.
39. Gifts made to fund charitable gift annuities shall be reported on the date of the delivery of the gift.
40. Gift annuities are currently managed by the University of Wisconsin-Madison Foundation, including asset management and report production.
41. Bequests (Testamentary Pledges)
42. Gifts (bequests) through wills shall be accepted according to the terms outlined in this document.
43. The University and the Foundation reserve the right to not accept gifts from the estate of deceased donors which are not in keeping with the terms of this document.
44. All attempts shall be made to discover bequest plans which shall be reported under separate cover from other reports as a planned gift expectancy.
45. If possible, the planned gift expectancies shall be recorded in two methods – face value and present value.
46. A bequest shall be reported when the gift has been realized (delivered to the University or Foundation in the methods described in this document). It shall be recorded at full value.
47. Life Insurance
48. Life insurance may be given to the Foundation. The University and the Foundation shall encourage donors to irrevocably name the Foundation as owner and beneficiary of all or a portion of the benefits of life insurance policies.
49. No insurance products will be endorsed for use in funding planned gifts through the use of life insurance.
50. The amount of the insurance company’s settlement upon realization of the death benefit shall be reported on the date received, provided that no gift amount was counted in a previous reporting period.
51. In order to be recorded before the death benefit has been realized, a gift of life insurance should name the Foundation as the owner and irrevocable beneficiary of the policy.
52. A life insurance policy that is not fully paid up on the date of contribution shall be counted at the existing cash value.
53. A fully paid-up life insurance policy shall be reported at the death benefit value, counted at both the face value and the discounted present value.
54. A donor who irrevocably transfers ownership of the life insurance policy to the Foundation and lists the Foundation as the beneficiary can claim income tax deductions for the policy’s cost basis or cash surrender value, whichever is less. The donor can never claim an income tax deduction for the policy’s face value.
55. Simply naming the Foundation as the beneficiary on the policy is not sufficient to generate an income tax deduction because of its revocability. It is also not sufficient enough to be reported until a death benefit is realized.
56. Upon receiving a paid-up policy, the Foundation, as owner, can surrender the policy and obtain the cash value or keep the policy until the death of the owner.
57. If a donor takes out a new policy, listing the Foundation as the owner and beneficiary, the donor may pay the premium or give the premium money to the Foundation (pass through) with the Foundation paying the premium. The pass through method shall be preferred because:
58. When the donor makes a cash gift to the Foundation for the premium amount, assuming the Foundation is under no legal obligation to apply the gift to the premium payment, the donor receives all the benefits in tax savings.
59. Proper acknowledgement and stewardship can be maintained.
60. The Foundation maintains control of the premium payments and the policy.
61. Charitable Lead Trusts
62. A charitable lead trust is a trust arrangement that provides an income payment to the Foundation at a designated rate for the donor’s life or over a pre-established number of years.
63. The remainder interest can be either retained by the donor or another family member.
64. If the donor maintains interest in the trust assets (grantor trust), the donor must pay income taxes on income earned by the trust and paid to the college.
65. If another family member is designated as the beneficiary of the trust assets, there is no income tax on the income earned by the trust and paid to the Foundation.
66. A charitable lead trust may be established with a minimum gift of $200,000 for a minimum of five years.
67. For the first five years of a charitable lead trust or for charitable lead trusts that run five years (or less, if approved), the face value shall be reported.
68. For a lead annuity trust, the face value is the aggregate of annuity dollars to be received by the Foundation.
69. For a lead unitrust, estimate using as the Foundation’s earnings the Applicable Federal Rate (AFR) for the month in which the trust was funded.
70. For charitable lead trusts that run more than five years, the amount that shall be reported is the remaining face value of the income stream after five years, as well as the discounted present value of the remaining income stream. The remaining discounted present value shall be calculated using the present value of the full-term trust minus the present value of the five-year term.
71. The date indicated on the trust agreement shall serve as the recording date.
72. Charitable Remainder Unitrusts
73. A charitable remainder unitrust pays income beneficiaries a fixed percentage of the trust assets, based on the trust’s fair market value. The fixed percentage cannot be less than 5%.
74. Unitrusts may be one-life, two-lives, or for a stated term of up to 20 years.
75. The trust’s fair market value shall be determined on the first business day of the fiscal year.
76. There are four types of unitrusts that may be accepted: Regular (% of earnings chosen multiplied by the Fair Market Value, revalued each year); Net Income (or NICRUT, donor receives lesser of the stated percentage payment or the set income earned); and, Net Income with Makeup Provisions (or NIMCRUT, donor receives lesser of the stated percentage payment or the set income earned but may make up the difference in future years when earnings exceed the stated percentage); and, FLIPCRUT (a special event triggers the NICRUT or NIMCRUT).
77. The minimum amount to establish a unitrust is $50,000. Additional funds may be added to the unitrust with a minimum of $5,000 per addition.
78. The donor must choose the trustee or co-trustees for the trust. The Foundation may serve as the sole trustee of a unitrust which benefits the institution but only upon approval of the Board of Directors.
79. The fees for management of a unitrust will not be paid by the Foundation unless approved by the Board.
80. The unitrust shall be reported at both the discounted present value of the remainder interest allowable as a deduction and at face value.
81. The date indicated on the trust agreement shall serve as the recording date.
82. Charitable Remainder Annuity Trusts (CRAT)
83. A charitable remainder annuity trust pays the income beneficiaries the same amount each year.
84. A charitable remainder annuity trust may be one-life, two-lives, or for a stated term of up to 20 years.
85. The minimum amount to establish a charitable remainder annuity trust is $50,000. No additional assets may be added to the annuity trust.
86. The donor must choose the trustee or co-trustees for the trust. The Foundation may serve as the sole trustee of a CRAT which benefits the institution but only upon approval of the Board of Directors.
87. The fees for management of an annuity trust will not be paid by the Foundation unless approved by the Board.
88. The annuity trust shall be reported at both the discounted present value of the remainder interest allowable as a deduction and at face value.
89. The date indicated on the trust agreement shall serve as the recording date.
90. Pooled Income Funds (PIF’s)
91. A pooled income fund operates as the charitable equivalent of a mutual fund. Donors may contribute to the fund, purchasing shares in exchange for their gift.
92. At this time, the Foundation currently does not offer the option of investing in pooled income funds but may consider developing a program in the future.
93. Retained Life Estates
94. A retained life estate may be created when a donor contributes a home, vacation home or a farm including a residence to the Foundation, irrevocably relinquishing full or part ownership in exchange for the right to enjoy use of the property for as long as they wish.
95. The donors shall be responsible for maintenance, taxes and insurance on the property as long as they occupy it.
96. The gift shall be reported at both the remainder value recognized as an allowable deduction by the IRS and at face value.
97. The gift shall be recorded on the date the title is transferred to the Foundation which shall also be the date the retained life estate agreement shall be executed.
98. Wholly Charitable Trusts Administered by Others
99. A wholly charitable trust is one that is held for the benefit of the Foundation where the principal is invested and the income is distributed for the benefit of the institution.
100. All interests in the income and principal must be irrevocably dedicated for charitable purposes.
101. The fair market value of the assets, if the Foundation is the sole and irrevocable beneficiary, shall be reported as a deferred gift for the year in which the trust was established.
102. If the Foundation is only a partial, irrevocable beneficiary, the amount to be reported is the stated percentage multiplied by the value of the trust assets.
103. The income of the trust shall be treated as endowment income and should not appear in the amounts reported under gifts.

Approved 11/04/2016