



University of Dallas Policy 7.2

GIFT ACCEPTANCE POLICY

- 1.0 Purpose** – The University of Dallas ensures that gifts to the University are properly received, recorded and administered using appropriate internal controls and sound financial business practices, and that the University’s acceptance and management of gifts are in compliance with external regulations and the University’s fiduciary obligations to donors.
- 2.0 Definitions** – The following definitions apply for purposes of interpreting this Policy.
- 2.1 **“Gift”** – A voluntary transfer of property made without consideration, which may or may not be restricted as to its use.
- 2.2 **“Bequest”** – A gift of real or personal property made at death, by a will, or a trust.
- 2.3 **“Endowment Gift”** – A gift that requires the corpus of the gift to be held in perpetuity, and permits the expenditure of a portion of the investment return on the corpus.
- 2.4 **“Expendable Gift”** – A gift that may be spent in its entirety.
- 2.5 **“Cash”** – Money, currency, checks, money orders or cash equivalents.
- 2.6 **“Securities”** – Stocks, bonds, options, warrants, notes or similar instruments, either publicly traded on an exchange (public), or not publicly traded (private).
- 2.7 **“Gift-in-Kind”** – A gift that is a tangible item, for example, a work of art, equipment or literary collection.
- 3.0 General Policies**
- 3.1 All gifts to the University will be transmitted, negotiated and recorded without delay, deposited promptly, credited to the proper University account, and acknowledged to the donor promptly and appropriately.
- 3.2 All gifts will be used in a manner consistent with the stated intentions of the donor. Because the University must comply with donor restrictions, only gifts that are consistent with federal and state laws and that do not contradict the University’s mission will be accepted by the University.
- 3.3 All gifts must be made subject to the donor’s understanding that the University has complete control and administration of the funds once donated, subject the specifically stated donor intent.

3.4 The University reserves the right to refuse any gift that:

- Violates UD Policy
- Is too difficult or expensive to administer, could create unacceptable liability for the University or cause the University to incur future unanticipated expenses.
- Are inconsistent with the University mission
- Involve unlawful discrimination.
- Could damage the reputation of the University
- Would jeopardize the University's tax exempt status.
- Provide a donor with goods or services of financial value in exchange for donor's gift unless such value is fully disclosed in the time and manner as required by state and federal law and regulation.

4.0 Receipt of Gifts – The University regularly receives charitable gifts of various types. Generally, gifts may take the form of: (1) cash or checks (including by pledge), (2) real property, (3) tangible personal property (gifts-in-kind), (4) securities, and (5) bequests.

4.1 The Vice President for University Advancement assumes primary responsibility to ensure that:

4.1.1 All gifts and pledges are properly recorded by the University

4.1.2 All donors are promptly provided with gift receipts in accordance with IRS Guidelines.

4.1.3 All charitable contributions or pledges are memorialized by appropriate written agreements.

4.2 **Cash or Checks:** The Office of University Advancement is responsible for accepting and recording all gifts of cash which can take the form of currency, check, credit card contribution. Cash may be delivered in person, by mail by Electronic Fund Transfer (EFT) or by wire transfer. Cash received by any other University office or department shall be immediately delivered to the Office of University Advancement. Cash gifts are reported on the date the gift is received in the Office of University Advancement. If gifts are transferred by EFT or wire, the gift will be recorded on the date of transfer to the University account. Gifts by credit card are recorded on the date the credit card charges are processed.

4.2.1 Direct pledges will be recorded on the University financial statements in the year of the pledge at the value of the entire pledge, discounted to present value in accordance with Financial Accounting Standards Board (FASB) regulations. The following minimum information is required to substantiate a direct pledge:

- The amount of the pledge must be clearly specified.
- The payment schedule must be clearly defined.
- The donor may not prescribe contingencies or conditions.
- The evidence of the pledge should include words such as “promise,” “agree,” “will,” “binding,” or legal.” It should not include words such as “intend,” “plan,” “hope,” or “may.”
- The donor must be determined to be financially capable of making the gift.

4.3 **Real Property:** The Office of University Advancement is responsible for approving and overseeing the acceptance of all gifts of real property, including gifts of mineral rights. If it is the intention of the donor that the University not immediately dispose of real property, an agreement must be made in writing between the University and the donor before the University may accept the property. Gifts of real property qualifying for a charitable deduction to the donor shall be valued using the fair market value of the property as determined by a qualified appraisal. Appraisals are generally provided and paid for by the donor. If the University sells or otherwise disposes of donated real property within two years of the date of the gift, the University is required to file an information return on IRS Form 8282 and send a copy to the donor. The University will accept a gift of real property only after thorough consideration of the following factors:

- 4.3.1 Market Value and Marketability – The University must receive a current appraisal (not older than six months) stating the fair market value of the property and the interest that the University will receive upon conveyance. The appraisal and any other information must clearly and convincingly indicate that there is a market for the property and that the property can be sold within a reasonable period of time. Regardless of the value placed on the property by the donor’s appraisal, the University will attempt to sell the property at a reasonable price as reflected by the current market.
- 4.3.2 Potential Environmental Risks – If, in the judgment of the University, the property could contain potential environmental hazards, the donor will be required to provide a guarantee and/or indemnity that the property is free from any and all environmental hazards. In addition, the University may require the donor, at the donor expense, to provide a Phase I environmental impact study. At its discretion, the University may, at the donor’s expense, contract for an independent assessment of any environmental risks.
- 4.3.3 Limitations and Encumbrances – No gift of real estate may be accepted until all mortgages, deeds of trust, liens and

encumbrances have been discharged. Gifts of real estate which are subject to mortgage may result in financial liability for the University and can cause adverse tax consequences for the donor(s).

4.3.4 **Carrying Costs** – The existence and amount of any carrying costs, such as property owner association dues, transfer charges, taxes and insurance, must be disclosed by the donor.

4.4 **Gifts-in-Kind:** Notice of any proposed Gift-in-Kind must be shared in advance with the Office of University Advancement. Gifts-in-Kind will only be accepted after a review indicates that the property is either readily marketable or can be used by the University in a manner related to education and/or research. The University's intention to either resell the property or to retain the property and use it for charitable activities shall be communicated to the donor at the time of the gift. The selling of a gift-in-kind within two years will put the item to an "unrelated use" which will cause a reduced charitable deduction for the donor and must be communicated to the donor.

4.4.1 Gifts of personal property shall be valued at fair market value. Gifts with fair market value exceeding \$5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS in valuing noncash charitable contributions. Gifts of \$5,000 or less may be reported at the value declared by the donor.

4.4.2 Title to the gift property should be clear and unencumbered, and properly documented. The University must approve gift acceptance, compatibility, maintenance, storage, and transportation costs prior to acceptance.

4.4.3 If the University sells or otherwise disposes of donated property within two years of the date of the gift, the University must file IRS Form 8282 and send a copy to the donor

4.5 **Securities:** Donors who intend to transfer securities should contact the Office of University Advancement directly. Gifts of securities are valued at the average of the high and low price of the security as of the date of the gift.

4.5.1 The date of the gift is defined as the date of the postmark on the delivered envelope or the date the security is hand delivered (physical certificates) including a duly endorsed assignment of the security or the date the stock is received in the University's brokerage account. If the security is not traded on that date, the date of the most recent prior sale will be used for valuation.

- 4.5.2 Publicly traded securities (stocks, bonds and mutual funds) may be accepted by the University. It is the policy of the University to sell these donated securities upon receipt with the proceeds added to either University short term funds or its investment portfolio.
- 4.5.3 For non-publicly traded (closely held) securities, the University will examine any issue that is not publicly traded prior to accepting them. The University may decline a gift of such securities if it is deemed difficult to value or not easily marketable.
- 4.5.4 The donor is responsible for having gifts of non-publicly traded securities exceeding \$10,000 evaluated by a qualified independent appraiser as required by the Internal Revenue Service.
- 4.5.5 In the case of gifts of non-publicly traded securities, the University may, after thorough examination, consider acceptance of such assets provided that:
- The minimum value for any gift of a non-publicly traded security is \$10,000. These securities include: partnerships, limited partnerships, limited liability companies, closely held companies, stock of entities that fall under SEC Rule 144, legend stock or bonds of entities that are thinly traded, and stock entities held for sale at the request of the donor.
 - Because of the unique nature of these securities, special due diligence review may be required prior to acceptance.
 - The value of these securities will be determined based on the fair market value of the securities on the date of gift, using an appraisal or alternative method of valuation acceptable to the University.
- 4.5.6 Factors that may be considered by the University in evaluating a gift proposal of securities include, without limitation, the probability of conversion into a liquid asset within a reasonable period of time, projected income that will be available for distribution, administrative fees and the nature of the business from which the asset is derived. Notwithstanding the foregoing, the University may in its sole and absolute discretion decline the acceptance of a gift of securities.

- 4.6 **Deferred Pledges and Bequests:** Deferred pledges are defined as those that relate to bequests, life insurance beneficiary designations, and retirement plan beneficiary designations. The Vice President of University Advancement is charged with monitoring trusts and estates in which the University has any interest. All information regarding bequests or trusts must be delivered to the Vice President of University Advancement in a

timely manner to ensure that the University's interests are safeguarded. Deferred pledges are not recorded on University financial statements.

4.6.1 Charitable Bequests and Retirement Plans – Donors may make charitable bequests to the University by will or living trust. Donors may also name the University as a beneficiary of their retirement plans such as their IRA, 401K and 403B. This designation can be in whole or part or as a stated amount or as a percentage of their balances at death

4.6.2 Life Insurance Policies – The University may receive life insurance gifts either: (1) as the beneficiary of a life insurance policy that the University does not own, or (2) are the owner and beneficiary of a life insurance policy. The Donor must decide the form for the gift of life insurance. If the University will be both the owner and the beneficiary of a life insurance policy the following criteria apply:

- The premium must be a lump sum payment or annual premium payments. The premium payments must be made to the University and the University records these donor payments as gifts and provides appropriate acknowledgement. The University remits the premium payments to the insurance company.
- The policy may not be a term insurance policy.
- The donor must agree to be responsible for making additional premium payments if the interest rates fall below expectations and additional premium payments are required.

If for any reason the donor is unable to make the gift to cover the premium payments and there are not adequate dividends to cover the payments, the University will inform the donor of its prerogative to decide the future of the policy considering several factors including: the age of the donor, the death benefit, the amount of paid-up insurance, the amount of the premium or the number of premiums remaining. The University may:

- Discontinue payment of additional premiums and consider the policy paid at current levels of insurance.
- Surrender the policy for the cash value and use the funds as designated by the donor.
- Use University resources to pay the premiums.

Life insurance is valued at the cash surrender value. The University will not serve as trustee of a life insurance trust if the University is not the sole beneficiary.

4.6.3 Neither the University nor any employee acting on behalf of the University may agree to act as the successor trustee of a living trust or the executor of any will in which the University is named as a beneficiary without the approval of the President.

4.6.4 University employees acting on behalf of the University shall not draft wills of living trusts naming the University as a beneficiary.

4.7 **Nonstandard Gifts:** All non-standard gifts must be fully reviewed by the Vice President for University Advancement prior to acceptance. Non-standard gifts that may expose the University to liability or that obligate the University in any way shall also be reviewed by the General Counsel.

5.0 Gift Designation and Restriction

5.1 **Unrestricted Gifts** – Unrestricted gifts provide the University the greatest flexibility to direct resources where the University deems they are most needed at a particular time.

5.2 **Restricted Gifts** – The Office of University Advancement will work closely with donors and/or their representatives to document a donor's expectations regarding criteria for the use of restricted gifts. Once a gift has been offered and received, its use can only be changed in accordance with a gift agreement. The University's general policies toward restricted gifts are as follows:

5.2.1 Gifts may be restricted for use of a particular school, department or program.

5.2.2 Donors may not select individual recipients or beneficiaries of their gifts. For example, donors may not choose the holder of an academic chair or professorship, or the individual recipient of a scholarship award.

5.2.3 Whenever possible, restrictions related to the use or purpose of a gift should be written as "preferences" to allow the University the greatest latitude in ensuring future use. When that is not possible, it is desirable to reserve the authority of the University to change the use or purpose of the gift as may be called for by changed circumstances.

6.0 **Endowed Fund Minimums** – The minimum amount required to establish an endowed fund shall be \$50,000. This fund may be established to be funded under a pledge agreement not to exceed five years except with specific approval of the Vice President of University Advancement. Distributions from the fund will not occur until the fund has been fully endowed for a minimum of one calendar

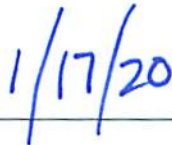
year. At that point the distribution will occur according to the University's established Endowment Spending Policy.

7.0 No Legal or Financial Advice to be Provided by the University – No employee of the University shall provide any legal advice or financial planning services for any donor. Donors will be encouraged to seek the assistance of their own legal and financial advisors in matters relating to their gifts and resulting tax and estate planning consequences. Further, to avoid conflicts of interest or the appearance of improper influence, the University shall not pay legal or other fees for the preparation of a donor's will or living trust which names the University as a beneficiary and no University official shall stand as a witness to any legal document in which the University is recognized as a beneficiary.

Principal Owner:	Vice President for University Advancement
Adoption History:	Originally approved 11.25.19



Signed



Date