



Idaho State University

POLICIES AND PROCEDURES

Gifts and Donations

ISUPP 6010

POLICY INFORMATION

Policy Section: *University Advancement*

Policy Title: *Gifts and Donations*

Responsible Executive (RE): *Vice President for University Advancement*

Sponsoring Organization (SO): *Idaho State University Foundation*

Dates: Effective Date: *November 26, 2012*

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I. INTRODUCTION

A. The purpose of this policy is to:

1. Define and clarify who may solicit and accept donations on behalf of Idaho State University (ISU) and the Idaho State University Foundation (Foundation).
2. Define the various roles and responsibilities of the parties involved in the development and donation process.
3. Define when gifts will be accepted on behalf of the Foundation or ISU.
4. Identify the circumstances under which a donation receipt will be issued.
5. Establish consistent gift valuation criteria.
6. Confirm that the Foundation operates in accordance with Internal Revenue Service (IRS) laws, rules, and regulations with respect to all donations.

B. This document provides an overview of University policies related to gifts and donations. For greater detail on all aspects of Idaho State University fund raising efforts, please refer to the Idaho State University Foundation Policy Manual. The policies of the Foundation apply to all ISU departments, faculties, and staff who solicit donations on behalf of the University and are publicly available on the Foundation website. The policies of the

Foundation govern in this area and, to the extent that anything in this policy is inconsistent with the latest policies of the Foundation, the policies of the Foundation take precedence.

- C. By and large, student organizations are not required to go through the Foundation Office in their efforts to raise money. However, the Foundation and the development officers are willing to work with them on specific projects. The Foundation does accommodate student groups on the creation of accounts and does not charge a fee for student groups.

II. DEFINITIONS

- A. **Gift:** Donations to the University or the Foundation that do not involve any quid pro quo such as detailed technical reports, licensing of intellectual property rights, or other goods and services.
- B. **Non-Cash Gifts (Gifts-in-Kind):** A Gift-in-Kind is a gift of property other than cash. It can be real property (e.g., real estate, securities), personal property (e.g. art, jewelry), or intangible property (e.g. patents, licenses). However, a gift of service is not a gift-in-kind that is eligible for a charitable tax receipt. Gifts-in-Kind may be retained by the Foundation/University and used for purposes consistent with its objectives, or they may be liquidated if not contrary to the donor's explicit wishes. (For full detail see Foundation policy VI.D)
- C. **Gift Appraisals:** When Gifts-in-Kind are donated to the Foundation with the intent that the donor receives a tax deduction, it is the responsibility of the donor, not the University or Foundation, to obtain an appraisal of the gift for tax purposes. All appraisals of real and personal property contributed to the Foundation shall be done in accordance with IRS Publication 561, "Determining the Value of Donated Property," which includes these steps:
 1. Foundation guidelines permit qualified personnel within the University to appraise items (non-real property) thought to be valued at \$1,000 or less.
 2. If the value of a non-real property gift is thought to be greater than \$1,000, a third party (i.e., arm's length from both the donor and the Foundation/University) appraisal is required from a qualified appraiser.
 3. The Foundation/University may obtain a second appraisal where the value of the gift is greater than \$100,000 or the gift is real estate.
 4. Gifts should be valued by the Foundation as of the date the donor relinquishes control of the asset.
- D. **Managed Fund Scholarships:** Any Scholarship which is funded by a financial corpus which is controlled by a non-university entity and specifically directed to a named individual and

issued by an organization that is not part of the Idaho State University system, or which may follow the recipient should he or she transfer to another institution. These scholarships are brought into the university by the named recipient and have a finite life span which ends at the termination of the named student's academic association with Idaho State University. These gifts are not subject to the gift fee.

- E. **Unrestricted Gifts:** These are outright gifts of cash, check, credit card payment, and publicly traded securities. While these types of routine gifts do not require Foundation Board approval, the Foundation reserves the right to review gift opportunities for appropriateness. (See Foundation Policy VI.C)

Unrestricted Gifts shall always be encouraged unless a) the donor indicates that he or she is only willing to make a restricted gift or b) the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

- F. **Acceptable Gifts:** Gifts will only be accepted where there is charitable intent on the part of the donor. The Foundation is unable to accept gifts that are overly restrictive in purpose. The most desirable gifts are those with the least restrictions, as unrestricted funds allow the Foundation and University to address the most pressing needs. Unless the board grants a specific exception, the Foundation will not accept gifts that:

1. Contain a condition requiring any action on the part of the organization that is unacceptable to the Foundation, University Administration, or the State Board of Education.
2. Require the proceeds to be spent by the institution for the personal benefit of a named individual or individuals.
3. Require the University or the Foundation to employ a specified person now or at a future date.
4. Inhibit the organization from seeking gifts from other donors.
5. Expose the organization to adverse publicity, litigation, or other liabilities.
6. Require undue expenditures, or involve the organization in unexpected responsibilities because of their source, conditions, or purpose.
7. Involve unlawful discrimination based upon race, religion, gender, sexual orientation, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws.

III. POLICY STATEMENT

- A. The Mission of the Idaho State University Foundation is to stimulate voluntary private support from alumni, parents, friends, corporations, foundations and others for the benefit of Idaho State University. The Foundation is dedicated to assisting the University in the building of the endowment to address, through financial support, the long-term academic and other priorities of Idaho State University.
- B. The Foundation oversees developing, managing, and distributing private resources in support of the mission and priorities of the University, and provides opportunities for students and a degree of institutional excellence unavailable with state funding levels.
- C. The Foundation is dedicated to assisting the University in building the endowment to address, through financial support, the long-term academic and other priorities of the University.
- D. The Foundation is responsible for the oversight of identifying, developing, and nurturing relationships with potential donors and other friends of the University; soliciting cash, securities, real and intellectual property, and other private resources for the support of the University; and acknowledging and stewarding such gifts in accordance with donor intent and its fiduciary responsibilities.
- E. Professional and successful fundraising requires organization and discipline to ensure that prospects are approached for a single approved project at the right point in the donation cycle and not continually and concurrently solicited by various entities within the University. Therefore, while faculty and staff are strongly encouraged to cultivate potential donors, no person shall solicit donations, defined as gifts, on behalf of the University unless authorized to do so by the Foundation. All such solicitation must conform to the directives and guidelines within this policy.

IV. AUTHORITY AND RESPONSIBILITIES

This section provides guidance and counsel to those individuals within Idaho State University and the Idaho State University Foundation concerned with the planning, cultivation, promotion, solicitation, receipt, acceptance, management, reporting, use, and disposition of gifts. The Idaho State Board of Education mandates that the ISU Foundation has the responsibility to supervise and approve all development efforts for the University.

- A. The Foundation Board is responsible for the gift acceptance policy for both the Foundation and the University. This responsibility cannot be delegated or waived. However, the Foundation President, Executive Vice-President, and the Associate Vice President for

Development, in conjunction with the appropriate staff, are responsible for day-to-day implementation of all fundraising activities and related gift acceptance policies.

- B. Academic and other business units are responsible to submit each gift to the Foundation for processing in accordance with University and Foundation policies and procedures. An administrative fee will be assessed and deducted from the gift amount. The Foundation and University are responsible to apply the revenues generated by the administrative fee to provide better development staffing and services, and generate additional fundraising resources for the entire University community.
- C. Gifting policies must be viewed as flexible and realistic in order to accommodate unpredictable situations as well as donor expectations, as long as such situations and expectations are consistent with Idaho State University and the Idaho State University Foundation's mission and policies. Flexibility must be maintained since some gift situations will be complex, and proper decisions can be made only after careful consideration of all related factors. These policies may, therefore, require that the merits of a particular gift be considered by the appropriate Foundation and university staff and/or committee of the Foundation Board, along with legal counsel and the full Board if necessary.
- D. The Foundation is responsible to:
 - 1. Properly record and receipt all donations.
 - 2. Honor donor restrictions or directives as to the use of donated funds or property, as is the University.
 - 3. Assure that the Foundation endowment is properly and legally managed.
 - 4. Provide stewardship reports and information to donors, including disclosure of Foundation policy relative to handling of gifts and donations.
 - 5. The University is responsible to process funds in accordance with Foundation policy and the donor's intent. (For detail see Foundation policy VI.C, D)

V. OTHER CONSIDERATIONS

- A. The Idaho State University Foundation will not pay commissions or finder's fees as consideration for directing a gift to the Idaho State University Foundation or to any of the Idaho State University Foundation's affiliates.
- B. Associated expenses of a gift made to the Idaho State University Foundation are to be borne by the donor unless approved by the Foundation Board President.

- C. Donors of real property gifts of over \$5,000, except for gifts of publicly traded stock, must obtain, at their expense, an appraisal by a qualified independent third-party appraiser in accordance with current tax law requirements.
- D. The Foundation President or his or her designee is authorized to enter into planned gift agreements on behalf of the Foundation and to execute any and all documents necessary or appropriate to consummate such agreements.
- E. All gifts and gift consideration must meet applicable local, state, and federal laws and regulations.
- F. It is important to distinguish between gifts and grants. While the two may have similar characteristics, their administration differs significantly. Grants typically have formal reporting requirements, specific timelines, a required deliverable, and other terms and conditions. The determination of whether funds are a gift or a grant will be made by the Foundation and the Office of Research.

VI. SOLICITATION

- A. Management and coordination of solicitation, receipting, accounting, disbursing, and stewardship of gifts is centralized in the Foundation Office. Central administrators such as the President, Vice Presidents, Associate Vice President and Directors of Development, along with University Deans or their designees, may solicit or otherwise negotiate for gifts for their particular project, unit, or college from their special audiences and constituencies. However, before soliciting any private gift or undertaking any fundraising activities on behalf of ISU or any sub-unit thereof, all employees of ISU or their agents must consult with the Associate Vice President for Development and request appropriate approval for such contacts, including direct mailings, phone-a-thons, and other group solicitations.

VII. FEES (For greater detail, see Foundation Policy Manual Section V.F)

- A. Public and private universities in the United States have implemented gift fees to assist in funding development efforts. On March 27, 2007, the Idaho State University Foundation Board of Directors approved implementation of a gift assessment fee on all new gifts. Importantly, this fee does not in any way cover the full cost of fundraising. Generally, it costs Idaho State University, like other institutions, 20 cents to raise a dollar. The gift fee is one essential component in gathering the resources that the University, and all of us, can use to "invest" in our future. Idaho State University's success depends on the efforts and cooperation of each member of our University community. That success will be achieved

only if we allocate sufficient resources necessary to generate increased private, foundation and corporate support so critical to the University's goals and objectives.

- B. Fee Policy – The assessment fee will be applied according to the following guidelines:
1. A 5% assessment will be levied on all gifts up to \$25,000 received by Idaho State University or the Foundation. Gifts greater than \$25,000 will be subject to a 3% fee. This assessment applies to all cash gifts without exception. It does not apply to grants from state and federal governments or to contracts.
 2. Non-cash gifts (Gifts-in-Kind) will not be subject to the fee.
 3. Donors will receive credit for the full amount of their gifts.
 4. Charitable trusts and bequests (all planned gifts) will be assessed at the time they are realized.
 5. In rare cases where the donor (individual, corporate or foundation) declines to contribute to the gift fee, the unit receiving the gift will pay the appropriate fee from other departmental sources.
 6. Outside scholarship gifts following specific students and sent directly to the scholarship office will not be assessed the fee.
- C. Professional Fees - Reasonable costs of gift acquisition, such as transaction costs and professional fees will normally be borne by the donor. However, there may be occasions when a prospective donor conditions the gift on the Foundation's agreement to pay such costs. In such cases the Foundation will verify the reasonableness of the costs and that the cost reimbursement complies with state and federal requirements, including but not limited to tax laws and professional ethical guidelines. If appropriate, the Foundation may agree to cover gift acquisition costs from its operating budget.

VIII. ACCEPTANCE OF REAL ESTATE GIFTS (See Foundation Policy VI.D)

- A. Introduction - The Foundation may accept gifts of real estate, both improved and unimproved, in accordance with the guidelines outlined in this policy. Unless specific Board approval is required by the guideline, deviations from these guidelines may be authorized by the Board Chair and/or the Board President with notification of the deviations given to the Executive Committee and the full Board at its next regularly scheduled meeting. In addition to the guidelines contained in this policy, the State Board of Education may, from time to time, make rules and regulations governing the acceptance or utilization of real estate. It shall be the responsibility of the Vice President for Advancement/Executive Vice President to ascertain that all such policies and rules are adhered to before the receipt of

any gift of real estate. Of course, rules or policies of the State Board of Education may not be waived except by the State Board of Education.

Generally, the Foundation will attempt to sell any property received as a gift at a reasonable price (as reflected by the current market) as soon as possible and normally within two years of receipt. However, all gifts of property will be reviewed on a case-by-case basis and may be considered for longer retention if market conditions warrant or if the University might have a future use for the property.

- B. Guidelines - The Foundation may require the following information in order to consider acceptance of a gift of real property:
1. An American Land Title Association (ALTA) insurance commitment showing marketable title in the donor, free and clear of unacceptable encumbrances, issued by a reputable title insurance company;
 2. An appraisal, prepared in accordance with standards established by the Appraisal Institute, by a qualified appraiser;
 3. A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation or the University to environmental liabilities;
 4. At the discretion of the Foundation, a market feasibility study for the property;
 5. ALTA survey of the property by a registered land surveyor;
 6. Evidence of compliance with the Americans with Disabilities Act (when applicable);
 7. A structural engineering report (when applicable);
 8. A review of leases (for income producing property);
 9. A disclosure statement for residential property (when applicable); and
 10. A radon report (when applicable) issued by a qualified engineer.
- C. Real estate encumbered by a mortgage or other indebtedness cannot normally be accepted as a gift unless the donor agrees to assume all carrying costs until the property is liquidated. Exceptions to this guideline can be made when the value of the property exceeds the anticipated exposure, or will produce income, or will be used by the Foundation or the University in its programs, but only after all tax considerations have been fully explored and documented.