GIFT ACCEPTANCE POLICY

SLT 8.4

Date of Last Update:
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Approved By:

- Senior Leadership Team

Responsible Office:
University Development

POLICY STATEMENT

PURPOSE/BACKGROUND

The Gift Acceptance Policy ("GAP") for Grand Valley State University (the “university”) and Grand Valley University Foundation (the “foundation”) provides flexible guidelines for accepting gifts aligned with university values. In addition, these policies and protocols seek to do the following:

- Protect the mutual interests of both donors and the university/foundation
- Delineate the administrative responsibilities of the university and the foundation.
- Serve as a staff reference.

Institutional Advancement is responsible for ensuring compliance with this policy and shall establish and maintain guidelines and procedures for the handling, processing, and counting of all gifts detailed herein (see “Associated Protocols”). Institutional Advancement shall perform these operations unencumbered as described in the guidelines and procedures. This policy adheres to all applicable IRS rules and regulations and is in keeping with standards established by the Council for Advancement and Support of Education (CASE). It shall be reviewed and revised based on the Institutional Advancement Review Schedule.

GUIDING PRINCIPLES

The university values and is responsible for its integrity, independence, and academic freedom. Therefore, neither the university nor the foundation will accept gifts that involve any form of discrimination prohibited by law. Neither will the university nor the foundation accept gifts that are overly restrictive in the university’s ability to use them in support of its mission. Similarly, the university and the foundation reserve the right to refuse any gift.

The following principles will guide the university and the foundation in accepting private gifts:

- The university and the foundation seek gifts from individuals, corporations, family foundations, and other organizations that enable it to fulfill its purposes of teaching, research, and community service—to advance the university's core mission.
- In accepting gifts, the university and the foundation also accept the responsibility to donors to steward gifts; administer them properly; and report to donors appropriate financial information and about their gifts' uses.
- All gifts are administered cooperatively by the university's Office of Business and Finance, academic departments, and other units.
- Gifts accepted by the university or the foundation must not inhibit it from seeking gifts from other donors or potential donors.
- Gifts must be designed and administered consistent with legal and accounting requirements.
- The university will abide by The Donor Bill of Rights as adopted by the Association of Fundraising Professionals (AFP), the Association for Healthcare Philanthropy (AHP), the Council for Advancement and Support of Education (CASE), and the Giving Institute.

DEFINITIONS

Donor Advised Fund: A charitable giving vehicle where donors contribute money or assets to a sponsoring organization and then can recommend grants to charities of their choice from that fund.

Externally Sponsored Project: include projects supported by way of grants and cooperative agreements; incoming or outgoing sub-recipient agreements or subawards; certain incoming or outgoing contracts including direct contracts, service agreements, and consulting agreements; pass-through subcontracts and service agreements; and certain other agreements, including master collaboration agreements, material transfer agreements, and data-use agreements—whether funded or unfunded as further defined by the Externally Sponsored Projects Policy (SLT 3.11).

Non-Gifts: Transaction types that either will not be accepted by the university or foundation, may be accepted but only upon official review, or are not tax-deductible.

Philanthropic Gift: A philanthropic gift is an instrument by which an outside donor voluntarily transfers money, services, or property from a donor to the university. There is no expectation of direct economic benefit or the provision of goods or services to the donor, although donors can place stipulations on gifts that direct the funds to the donors' areas of interest.

Institutional Advancement will determine the charitable nature of this type of giving in accordance with Council for Advancement and Support of Education (CASE) Global Reporting Standards and Internal Revenue Service (IRS) guidelines, which may differ from reporting for financial statement purposes. Institutional Advancement will determine the charitable nature of this type of giving. Philanthropic Gifts do not include Purchasing Agreements but may include some Externally Sponsored Projects as outlined in the Sponsored Project or Gift Guide. Types of philanthropic gifts include:

- Assignment of Income: Donor-assigned income received from a third party as payment for services (e.g., payment for serving on a corporate board, honoraria for speaking engagements, payment for book sales). In such circumstances, the donor is the person making the assignment, not the organization making the payment.
- Cash Contributions: Gifts made by cash, check, wire transfer, electronic funds transfer, credit card, or payroll deduction. Other similar payment mechanisms, such as PayPal, are likewise treated as a cash contribution.
- Charitable Gift Annuity: An individual irrevocably transfers to an institution some property, such as securities, and the institution agrees in a contract to pay the donor or other beneficiaries (maximum allowable of two beneficiaries) a guaranteed annuity for life.
- Cryptocurrency: A digital or virtual form of currency that utilizes cryptography for security.
- Grant: A financial award given to a nonprofit organization, often to support a specific project or program with specific reporting requirements. Typically grants are given by corporations or foundations with no expectation of repayment, though this may be allowable under certain conditions as specified in SLT 3.11.
- Intangible Property: property that has no physical form but still holds value, e.g. computer software, patents, easements, and copyrights.
- Life Insurance: Transferring ownership of an existing policy or establishing a new one for the benefit of another person or organization.
- Matching Gift: A company or other entity donates an additional amount to a nonprofit organization, matching an employee or trustee’s previous donation.
- Non-Fungible Tokens (NFTs): Unique cryptographic tokens that exist on a blockchain (a system in which a record of transactions is maintained across several computers linked in a peer-to-peer network) and cannot be replicated. NFTs can represent real-world items like artwork and real estate.
- Planned/Deferred Gift: a philanthropic gift that is arranged now but is realized in the future, typically through an individual's estate plan.
    - Bequest: a gift by will of cash or personal or real property.

    - o Charitable Lead Trusts: A trust that pays income from its underlying assets to a charity for a specified period while reserving the assets for later distribution to the charity or other beneficiaries. Typically funded with income-producing assets.
    - o Charitable Remainder Trust: An irrevocable qualified trust in which a donor gives cash or assets to the trust, allowing the payment of income to one or more persons for their lives or a term of years. At the end of this time, the trust's assets are given to one or more charities designated by the donor.
    - o Real Property with Retained Life Estate: A donor deeds personal residential property (or a farm) to a charitable organization. While the donor is still living, they have a legal interest in the life estate with full rights to live there or to rent or sell those rights.
    - o Wholly Owned Charitable Trusts Administered by Others: A wholly owned charitable trust is held for the benefit of charity, where the principal is invested, and the income is distributed to charitable organizations. All interests in income and principal are irrevocably dedicated to charitable purposes (as opposed to a charitable remainder or lead trust).

- Pledge: A promise to make a gift over a specified period of time.
    - o Unconditional: For a pledge to be unconditional, a promise cannot depend upon the occurrence of a future, uncertain event.
    - o Conditional: A statement of intent that is retractable or indefinite.
    - o Challenge: A statement of intent to give a gift conditioned on some specific future and uncertain event to occur, which will obligate the donor. Such a pledge is also conditional.

- Quid Pro Quo: A payment a donor makes to a charity partly as a contribution and partly for goods or services.
- Real Estate: Voluntary transfer of ownership of land or buildings from one person to another without any payment or consideration in return. Includes single and multiple-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and undeveloped land.
- Recurring Gift: A commitment by a donor to regularly contribute a predetermined amount to a nonprofit organization on a set schedule, such as monthly, quarterly, or annually.
    - o Limited Recurring Gift: The donor establishes a limit on the number of recurring payments (number of months) or a specific end date. When either limit is reached, the recurring payment ceases.
    - o Sustaining Recurring Gift: The donor establishes a fixed dollar amount to be

charged at a specific frequency (e.g., monthly or quarterly) with no end date.

- Securities: A tradable financial asset or instrument that can be bought, sold, or traded on financial markets.
- Tangible Property: Transfer of physical, touchable items from one person to another without payment, e.g. books, works of art, manuscripts or archival materials, films, sporting equipment, computer equipment, furniture, office equipment, machinery, musical instruments, and lab equipment.

Purchasing Agreement: An agreement entered into by the university through its Procurement Services Office and an outside vendor or supplier to purchase goods and/or services.

GIFT REVIEW AND APPROVAL PROCESS

Aspects of any gift that must be considered before acceptance include:

- the purpose of the gift (also known as the gift designation);
- the type of asset that is being donated; and
- whether the gift places undue burden on the university.

In addition to the three aspects listed above, aspects of unusual gifts that should be considered are:

- The gift should not pose any unreasonable potential hazards, risks, or legal liabilities for the university.
- The gift should not result in financial liabilities other than those required for normal gift administration.

Gifts Accepted Without Review:

Gift designations that can be accepted without review are:

- Unrestricted liquid assets (e.g., cash, checks, publicly traded securities, and credit cards) to stated fundraising priorities or existing funds during an annual or multi-year campaign.
- Gifts to existing endowments.

Gifts Subject to Review by Institutional Advancement

Gifts which are coordinated through established processes within Institutional Advancement:

- Assignment of income
- Corporate matching gifts
- Deferred gifts
- Gifts to establish new endowments. These must adhere to the endowment minimums and establishment requirements in existence at the time of the donation

- Gifts requiring standard gift agreements
- Gifts-in-kind
- Grants
- Pledges

Gifts Subject to Review by the Gift Acceptance Committee:
Gifts that must be reviewed prior to acceptance include, but are not limited to:

- Gifts requiring unusual funding arrangements or other commitments
- Deferred gifts or bequests that will be funded with real estate or hard-to-value assets such as limited partnerships.
- Deferred gifts in support of facilities projects
- Gifts of intangible or unusual personal property
- Gifts of non-publicly traded securities (often called “closely held”)
- Gifts of partnership interests and other non-traditional investments
- Gifts of real estate, including real property with retained life estate
- Gifts of fully-funded Donor Advised Funds
- Gifts with special restrictions that may be difficult or costly to administer
- Any gifts that are exceptions to existing guidelines or that fall outside the definition of acceptable gifts as defined in this GAP
- Cryptocurrency donations
- Realized bequests that include property
- Charitable gift annuities
- Charitable remainder trusts

The above items are not exclusive. The university or foundation may consider any unusual gift outside of these parameters as it deems necessary.

Gifts of Life Insurance:
Except for realized death benefits, life insurance policies may be accepted and recorded as a gift only when the university is both the policy owner and the irrevocable beneficiary. If the policy is not fully paid when the gift is contemplated, it will be subject to review prior to acceptance.
The university and foundation will accept in-force life insurance policies under the following conditions:

- Full ownership must be transferred to the university or foundation; and
- Policies should have a net cash value with no outstanding loans; and
- When applicable, the donor should agree to contribute, on an annual basis, the amount necessary to maintain the policy in force.

Before accepting a policy, the university or foundation should be provided with a summary of the policy, including the donor's cost basis and current cash surrender value. The university or foundation reserves the right to surrender a policy if it desires.

New life insurance policies taken out by donors should meet the following criteria:

- The policy should be with an insurance company rated A or better by A.M. Best Co.; and
- All proposals for gifts of life insurance should be submitted to the university or foundation before making an application for the policy and may be subject to review.

The university or foundation will not accept any insurance policy where the intent of the donor is for the university or foundation to pay future premium payments through policy loans.

Non-Gifts and Other Gifts Generally Not Accepted:
The following gift types are generally not accepted by the university and will only be reviewed for potential acceptance under extraordinary circumstances:

- Corporate Contracts: These are exchange transactions wherein a corporation funds a program to receive a contract from the university. As these are a form of quid pro quo, there is no gift from an IRS point of view.
- Deferred Gifts in Support of Facilities Projects: Deferred gifts are not accepted for facility construction or renovation projects.
- Non-Fungible Tokens (NFTs): The university currently does not recognize these as assets and presently does not have a method for managing donated NFTs. It is also questionable whether a donated NFT would be used for mission-related purposes. Receiving and selling an NFT during a charity auction may be possible.
- Partnerships and Certain Other Interests: Interests in general partnerships, limited partnerships, limited liability companies, Subchapter S-corporations, and working interests.
- Services and Partial Interest: Not tax-deductible per the IRS and, therefore, not accepted for addition to official fundraising totals. These can be accepted for immediate sale at an auction without any gift recording or tax receipt.
- Time-Shares: Generally, these are never accepted as a gift as they usually cannot be used to support the organization's mission or are nearly impossible to sell. This does not prevent the donation of the use of a time-share for charitable purposes (often as an auction item). However, such a donation typically qualifies as partial interest, which is not tax-deductible.
- Vehicles: While potentially tax-deductible, the IRS has made these difficult to claim at face value unless put to mission-related purposes (rarely seen at the university).

Gift Review Process:

Any gift requiring review greater than can be accomplished by Institutional Advancement prior to acceptance shall be referred to the Gift Acceptance Committee (GAC). This committee is formally established to review unique or unusual gifts and those that may represent a risk to the university or the foundation. The GAC must include the following representatives, with other staff invited and included on an as-needed basis:

- Vice President, Institutional Advancement & Executive Director, GVU Foundation
- Vice President, Finance and Administration
- Associate Vice President, Business and Finance
- University General Counsel
- Associate Director of Endowed and Gift Planning
- Assistant Director of Compliance and Gift Management

The Vice President of Institutional Advancement shall act as chair of the GAC. The chair shall schedule annual meetings, or as needed, and set the agenda for those meetings. The GAC shall have authority to accept or refuse a gift on behalf of the university or foundation. They shall refer to the appropriate protocols maintained by Institutional Advancement when making their decision (see “Associated Protocols”).

GIFT ACCEPTANCE AND SPECIAL CIRCUMSTANCES

Gift Refunds or Transfer of Gift

On a rare occasion, a donor may request the return of a previously accepted gift or its transfer to an alternative institution. While gifts must be irrevocably given to be recognized as eligible for a charitable tax deduction, circumstances may suggest that such a return or transfer of funds is in the university’s best interest. Therefore, the GAC should review the circumstances of significant requests before making any refund or transfer promises to a donor. Additionally, any unexpended funds from a private foundation may be returned as stipulated in the terms of agreement if the funds are unable to be spent as directed.

Gift Acceptance When Prospective Students are in the Admission Pipeline

Gifts to the university will have no effect on admissions decisions made consistent with established policies and procedures.

Anonymous Donors

The university will never accept a donation from a completely anonymous source. This statement does not preclude the acceptance of a donation offered to the university through a third-party agent. If a gift is made via a third-party agent, the agent must provide written certification of the donor’s identity, ethical qualifications, and legal source of funds.

TREATMENT OF GIFTS

Cash, Checks, Wire Transfers, Electronic Funds Transfer (EFT), and Credit Cards

Gifts made by check, EFT, wire transfers, or credit card will be recorded by designated Institutional Advancement employees and verified in the fundraising system. Other similar payment mechanisms, such as Paypal, are likewise acceptable payment forms. Credit and debit card donations are limited to $99,999 per transaction. Exceptions to this limit may be authorized by the Vice President of Institutional Advancement as needed.

Corporate Matching Gifts

Institutional Advancement handles corporate matching gifts. A corporate matching gift, unless otherwise directed by the donor and so long as it is consistent with the policy of the company that is providing the matching gift, will be credited to the account and purpose for which the donor's original gift was made. Institutional Advancement will adhere to the company's matching gift guidelines as known to Institutional Advancement and to the extent it does not conflict with the university's policies. When there is ambiguity concerning any specific gift, Development Services will consult directly with the company or donor as to how to handle the situation.

Cryptocurrency

The IRS recognizes cryptocurrency as gifts of property. As such, in any future event in which the university is prepared to accept cryptocurrency, donations will be valued for internal purposes based on a close approximation of the legal value of the gift. The fund being given to will be credited with this amount. Receipts for these gifts will provide only a description and no value.

Donor-Advised Funds

Gifts from donor-advised funds and private foundations are fully accepted as gifts from those legal entities (while recognizing but not receipting the original individual donor).

Gifts Made Via Third-Party Entity

Donors who contribute to the university through donor-advised funds, private foundations, and similar entities may not receive any benefits under any circumstance related to that gift. Nor can that donor be offered the opportunity to pay the fair market value for that benefit resulting from a gift from such an entity (also known as bifurcation).

Grants

As stated in the Sponsored Project or Gift Guide, grants may be considered a philanthropic gift or a sponsored project or both when certain criteria are met, as allowed in SLT 3.11 and consistent with CASE standards. Institutional Advancement will work with the Office of Sponsored Projects using the established Sponsored Project or Gift Guide to determine a grant's classification when unclear.

Payroll Deduction

If a university employee contributes by payroll deduction, Institutional Advancement does not provide an acknowledgment or note of the contribution on the employee's W2 form. Employees will, however, receive an annual summary of their payroll deduction gifts or other document furnished by Institutional Advancement that proves the total amount withheld and certifies that no benefits were provided in exchange for the gift (see Quid Pro Quo).

Planned/Deferred Gifts

Institutional Advancement may accept a variety of planned gift vehicles including bequests, charitable lead trusts, charitable remainder trusts, wholly owned charitable trusts administered by others, and charitable gift annuity contracts. Institutional Advancement has established procedures regarding accounting, stewardship reporting, payment schedules, methods of tax reporting, trust administration and accounting, and all business procedures, including documentation requirements related to planned gift agreements. In addition, Institutional Advancement may use legal, tax accounting, estate planning, and investment services as needed and appropriate to establish deferred gift arrangements. Minimum requirements must be met to establish a charitable gift annuity or be considered as a co-trustee status for a charitable remainder trust. Charitable gift annuities and deferred gift annuities must be documented in a contract.

Pledges

For financial statement purposes, all conditional pledges should be disclosed in the footnotes of the university's annual financial reports. Only enforceable, legally binding pledges are recorded in the university's financial records and reports. All multi-year pledges, regardless of amount, should have a "written" and "signed" pledge agreement (Gift Information Form or email) that commits to a specific dollar amount or asset that will be paid according to a specified schedule. Electronic facsimiles and email exchanges will be accepted as "written" and "signed." Institutional Advancement shall maintain files on all documented pledges. Documented pledges must specify the pledge amount, specific designation/fund, payment terms, and the duration of the pledge period.

Quid Pro Quo Gift

If a donor receives a benefit because of contributing to a qualified organization, the donor can deduct as a philanthropic gift only the amount of the payment that is more than the fair market value of the benefit the donor received.

Recurring Gifts/Payments

Institutional Advancement allows donors to have credit cards and bank accounts automatically drafted or charged regularly. The most common frequency is monthly. Donors may sign up for

either a limited or sustaining recurring payment. In the case of a limited recurring gift, the donor establishes a limit on the number of recurring payments (number of months) or a specific end date. When either limit is reached, the recurring payment ceases. In the case of a sustaining recurring payment, the donor establishes a fixed dollar amount to be charged at a specific frequency (e.g., monthly or quarterly) with no end date. Donors may request cessation of this arrangement with 30-days' notice.

Real Property with Retained Life Estate

Gifts of real estate with retained life estates may be accepted provided that the donor makes adequate provision for any expenses in connection with ownership of the real estate, including payment of mortgages, taxes, insurance, and utilities while the donor or tenant continues to reside there. Capital expenditures designed to maintain the value of the real estate (e.g., a new roof) may be negotiated with the donor. Any arrangements agreed to by Institutional Advancement and the donor must conform to the laws of the state in which the property is located. Once an agreement has been reached, Institutional Advancement will draw up a letter of agreement to be signed by the donor and the Vice President for Institutional Advancement.

Securities

Gifts of publicly traded securities that are either unrestricted or given to existing university priorities or funds are accepted without further consideration. The IRS recognizes security donations as gifts of property. As such, security donations will be valued for internal purposes based on a close approximation of the legal value of the gift. The fund being given to will be credited with this amount.

Testamentary Pledge Commitments

Bequest intentions (revocable in-will statements) will be recorded as $.01 in all donor records. Testamentary pledges must be secured by either a copy of the will or a written pledge agreement.

ASSOCIATED PROTOCOLS

Institutional Advancement shall maintain the following protocols and guidelines:

- A Gift Refund and Transfer Protocol outlining the steps required to issue a gift refund or transfer funds to another non-profit.
- A Gifts of Securities Protocol that outlines the steps for receiving, processing, recording, and receipting gifts of securities.
- An Endowment Establishment Protocol outlining the steps necessary to create a new endowment for the university.

• Planned Giving Protocol with details on various gift planning instruments and how they should be recorded.
• A Real Estate Acceptance and Administration Protocol ensuring that the expenses and risks associated with accepting real estate gifts are commensurate with the gifts' ultimate value to the university.
• A Review and Write-Off Protocol regarding unfulfilled pledges which shall be promulgated separately and performed unencumbered by Development Services.
• A Substantiation and Acknowledgement of Gifts Protocol with further details on accepting, processing, and receipting gifts, including gifts with a quid pro quo.
• University Anonymity Protocol providing additional details regarding anonymous donors and gifts.
• University Naming Guidelines that outline any requirements if a facility naming is involved.
• University Tangible Personal Property (Gifts-in-Kind) Protocol giving further detail on the processing of gifts-in-kind.