OFFICE OF DEVELOPMENT ACCOUNTING
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PART A. OFFICE OF DEVELOPMENT ACCOUNTING OVERVIEW

The Office of Development Accounting (Accounting) is responsible for the financial management of the Auburn University (AU) Office of Development, the Auburn University Foundation (AUF), the Auburn Spirit Foundation for Scholarships (ASFS) and the Auburn University Real Estate Foundation, Inc. (AUREF). These responsibilities include the processing and reporting of all private contributions, the processing of disbursements, and the preparation of accurate and timely financial statements and budget reports. The Office of Accounting strives to document policies and procedures in a user-friendly format.
PART B. GIFT ACCEPTANCE POLICY

1. Purpose

Provide guidelines for the acceptance and reporting of gifts for the benefit of Auburn University, the Auburn University Foundation, and where applicable ASFS and AUREF. For further clarification on any item(s) please contact the offices of Development Accounting, Planned Giving, or the Assistant Treasurer.

2. General Gift Acceptance Policy

Solicited gifts to the University from individuals, corporations, or foundations are typically made to the Auburn University Foundation (AUF); however, there may be instances where donors direct their gifts to Auburn University (AU). All gifts made to AU and AUF, whether in the form of an outright gift, planned gift, or pledge shall be accepted and reported in accordance with the gift acceptance guidelines as stated below. The source for these guidelines are the standards and definitions provided by the Council for Advancement and Support of Education (CASE) in their publication – CASE Management Reporting Standards: Standards for Annual Giving and Campaigns in Educational Fund Raising. CASE standards focus primarily on the counting of gifts at face and present value. This provides consistent and comparative gift reporting across the various reporting institutions. However, CASE also recognizes the need for giving donors credit for gifts that do not meet CASE standards for counting. As the crediting of gifts is an institutional decision, gift crediting does not necessarily mirror gift counting. Therefore variances may occur from one institution to another. Though the CASE reporting standards are the source for all reporting of gifts, it is recognized that in certain instances the guidelines are non-specific. It is the intent of this acceptance policy to provide guidance and counting standards in all gift areas as they apply to AU and AUF. All efforts for seeking private gifts must be cleared and coordinated through the Auburn University Development Office located in the Alumni Center, 317 South College Street, Auburn University, AL 36849.

3. Gift Acceptance Guidelines

There are (3) gift categories with specific types of gifts within each category. The three gift categories are:

- Outright Gifts
- Planned Gifts
- Pledges
4. Outright Gifts

Outright Gifts are voluntary irrevocable transfers of items of value to AU or AUF in the form of cash, securities or other property where no goods or services are expected, implied or forthcoming for the donor. The donor may restrict the use of the gift or designate it for a particular purpose or program; however, once the gift(s) is accepted, the donor has no direct decision-making power regarding the gift.

a) **Cash** – Gifts in the form of currency, checks, Electronic Fund Transfer (EFT), and credit cards may be accepted in any amount. All checks must be payable to either AU or AUF and shall in no event be payable to an employee, agent, or volunteer for the credit of AU or AUF. Cash gifts received from an entity other than the donor, such as charitable organizations, private foundations, or a partnership or corporation of the donor will be receipted to the remitting entity. These gifts will be counted at face value on the date of receipt. Foreign currencies shall be valued at the exchange rate on the date of receipt.

b) **Marketable Securities** – Securities that are traded on an exchange or other publicly reported market may be accepted by AU or AUF and receipted and recorded in accordance with the AU and AUF policies as previously adopted (see Appendix A). Ordinarily, securities will be sold immediately upon receipt. In rare cases, securities may be held if they are deemed to be appropriate within the overall investment strategies of AU and AUF. Employees and volunteers of AU or AUF may not represent to a prospective donor that a particular security will be held for investment. Generally, marketable securities will be valued at the average of the high and low quoted selling price during the day of receipt or the most recent day when sales of the security occurred. For campaign reporting, gifted securities are recorded at the valued amount without regard to expenses associated with the transaction.

c) **Closely Held Securities** – Securities that are not publicly traded may be accepted by AU or AUF upon the recommendation of the Vice President for Development and the Assistant Treasurer. Development Officers shall make no commitments for the acceptance of these gifts without written acknowledgement from the Vice President for Development and the Assistant Treasurer. A detailed explanation surrounding the circumstances of the stock, the company, and the donor’s reason for this gift must be documented and provided to the Vice President for Development and the Assistant Treasurer.

When accepted, securities of closely held corporations with a gift value of greater than $10,000 shall be recorded at the value placed on the gift by a qualified independent appraiser. The donor is responsible for obtaining the appraisal. AUF will provide a contribution receipt that gives the date of the gift and a description of the gift. The donor will value the gift for their tax reporting.
purposes. The donor will provide AUF with a copy of the IRS Form 8283. The independent CPA who maintains the books of the corporation, may value gifts of $10,000 or less, at the share price of the most recent transaction, if no transactions occur during a campaign period.

d) Personal Property – The gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, will be considered only after a thorough review indicates that the property is either readily marketable, or in the case of Gifts-in-Kind, property needed by the University for use in a manner related to one of the purposes for which the tax-exempt status of the University was granted; that is, for education, research, outreach or a combination thereof (See Gift-in-Kind section below).

A gift that may obligate AU or AUF to perpetual ownership shall not be accepted without the written approval from the Vice President for Development. A proposal for accepting the ownership of this property will be submitted in writing by the Development Officer to the Vice President for Development, and upon receiving a signed and dated acceptance, the Development Officer may communicate to the donor the acceptance of the gift. Gifts of art to the Jule Collins Smith Museum of fine Art’s permanent collection will only be accepted by the VP for Development upon the recommendation of the Museum Director and Advisory Board. Any recommendation of the Director will not unreasonably be denied.

Gifts with values greater than $5,000 shall be reported at the value determined by a qualified independent appraiser. In accordance with IRS guidelines, the donor is responsible for obtaining an independent appraisal. The donor must submit a copy of IRS Form 8283 and a copy of the appraisal to the Vice President for Development for review and approval. Gifts with a value of $5,000 or less shall be reported at the value placed on them by the donor.

e) Gifts-in-Kind – These non-cash donations of materials or long-lived assets that serve to further the mission and purposes of Auburn University shall be reported on the gift recording system at $1 unless independent verification of the fair market value or the donor provides a true accounting of the cost basis of the gift.

Gifts with values greater than $5,000 shall be reported at the value determined by a qualified independent appraiser. In accordance with IRS guidelines, the donor is responsible for obtaining an independent appraisal. The donor must submit a copy of IRS Form 8283 and a copy of the appraisal to the Vice President for Development for review and approval. Gifts with a value of $5,000 or less shall be reported at the value placed on them by the donor, supported by an informal independent source such as eBay, classified ads in a trade publication, etc.
No written or verbal acceptance of any Gift-in-Kind shall be provided to the donor by the Development Officer without a written acceptance of the gift by the Vice President for Development. Submission for acceptance of any Gift-in-Kind must be in writing with adequate documentation of the purpose, nature, and approximate value of the gift.

f) **Real Property** – The Boards of both AU and AUF have policies that outline the need for care in accepting real estate because of environmental issues. The Auburn University Real Estate Foundation (AUREF) has therefore been created to facilitate real property donations.

If a donor wishes to donate real property, the property must be accepted through the AUREF policies as indicated in Appendix B. If real property is transferred to AU, the documents related to the property should be forwarded to AU’s General Counsel and AU President for review.

Additionally, the donor needs to be notified by the Development Officer of the following real property policies:

1. The IRS will require an appraisal made within sixty (60) days of the date of the gift.
2. It is the policy of AUREF to sell all gifts of real estate, (other than property which the University wished to retain) as expeditiously as possible.
3. AUREF will attempt to sell the donated real property at a reasonable price in light of the then current market conditions. This sales price will become known as the fair market value of the appraised property. If this fair market value is lower than the original appraisal presented by the donor, the donor’s tax professional will need to file an amended tax return reflecting this lower value.
4. AUREF is required to report to the IRS, on Form 8282, any such sale of real property occurring within three (3) years of the date of the gift.

 g) **Realized Bequest** – All bequests realized during a period of time defined as a “campaign period” shall be counted at full value as long as the gift is not counted in a previous campaign.

 h) **Charitable Lead Trust** – Lead trusts are immediate gifts in trust that pay defined amounts of income to AU or AUF over a period of time. The payout is based on the value of the property held in trust for a term of years or the life of the donor with the remainder passing back to the individual or other non-charitable organization. There are two types of Charitable Lead Trust: Charitable Lead Unitrust (CLUT) and Charitable Lead Annuity (CLAT). The CLUT payout is based on a percentage of the market value of the assets as valued annually. The CLAT payout is based on a fixed annuity amount. Payments received during a campaign period (current) and payments to be received after the end of the period (remaining) will be reported to the public at face value.
i) **Life Insurance** – Life insurance policies fall within both the Outright Gifts section and the Planned Gifts section. The premiums paid for the insurance policy count as outright gifts and because there is the potential of additional value being derived from the gift it also can be considered a planned gift. During a campaign, the face value only will be counted.

In order for the commitment of a life insurance policy to be included in campaign totals, AU or AUF must be both the owner and irrevocable beneficiary of the policy.

1. **Life Insurance (Existing Fully Paid Up)** – These policies will be counted as a current gift and valued at the extrapolated value (cash value + permanent value <life insurance co. will provide this value>).

2. **Life Insurance (Existing Self Paying)** – These policies will be counted as a current gift and valued at the existing cash value. If the donor decides to pay additional premiums towards this policy over a campaign period, the value of the premium(s) paid will be added to this value.

3. **New Policies** – These policies are counted as planned gifts and valued at the face value.

4. **Realized Death Benefits** – The value credited towards a campaign is the insurance company’s settlement amount for an insurance policy. If a donor dies during a campaign but their policy was counted towards a previous campaign the credited value will be the realized death benefit received during the current campaign minus the credit previously given.

5. **Planned Gifts**

Planned gifts by definition are gifts whose values are deferred until either the death of all named beneficiaries or for a period of years. During a campaign the donor will receive campaign credit for the face value of irrevocable planned gifts.

All planned gifts of which neither AUF nor AU are the irrevocable Remainderman will be counted as $1.00 in campaign totals. Though these gifts will not be credited towards campaign totals the donor will receive normal recognition credit towards the various Recognition Societies currently sponsored by AUF.

   a. **Charitable Remainder Trust** – Charitable remainder trusts (CRT) are irrevocable planned gifts that provide income to the donor or beneficiaries for life or a number of years not to exceed 20 years. At the end of the trust, the remaining
gift assets are left to the benefit of the University. There are two basic types of CRTs: a Charitable Remainder Unitrust (CRUT) that provides a variable income based on a fixed percentage of the annual value of the trust and a Charitable Remainder Annuity Trust (CRAT) that pays a fixed income based on the initial value of the trust. CRUTs and CRATs are reported to CASE at both the face value and the discounted presented value of the remainder interest allowable as a deduction by the Internal Revenue Code. All public reports will be at face value.

b. Charitable Gift Annuities – With a charitable gift annuity (CGA), the donor makes an irrevocable gift to AUF, and AUF contractually agrees to pay a fixed annuity payment to a maximum of two beneficiaries for life. The annuity may begin immediately or be deferred. The gift portion of the CGAs will be received at the death of the final beneficiary. Consequently, a CGA is a planned gift and should be reported to CASE at both the gift’s face value and face value less the present value of the annuity. All public reports will be at face value.

c. Retained Life Estate – This is an irrevocable interest in a personal residence or farm and should be reported to CASE at face value and at the value of the deduction allowed by the Internal Revenue Code. All public reports will be at face value.

d. Bequests – Wills and living trusts are instruments by which a person may make a disposition of property to take effect after death and which may be altered or revoked at any time during life, thus these gifts are categorized as revocable. Generally, the counting of revocable gifts is left up to the decision of the charitable organization as stated in the CASE Management Reporting Standards. Bequests can be included in campaign totals if the following CASE guidelines are followed:

1. The commitment must have a specific amount or percentage of the estate with a credible estimate of the future value of the estate;
2. The commitment must be verified by a letter from the donor or his attorney stating the commitment and that the University will be notified of changes; and
3. The amount of the commitment will be reported at both the present and face value with a $1 value included in public reports.

e. Life Insurance – See comments under Outright Gifts section.
7. Gift Pledges

A gift pledge should be a written commitment for a specific dollar amount that will be paid according to a fixed time schedule not to exceed the time frame of the campaign or five years. In only unusual circumstance will a pledge payment schedule exceed five (5) years. In the case of oral pledges, they will only be counted if documented in the form of a memorandum providing the commitment amount and time schedule and signed by the University President or Vice President for Development. A copy of the memorandum should also be provided to the donor.

8. Special Circumstances

While the above guidelines will prevail in practically all instances, the Vice President for Development has the authority to consider and make decisions for the recognition and reporting of gifts in special circumstances.
Appendix A

PART 8. POLICY FOR DONATED SECURITIES

I. Purpose

To provide guidelines to those involved in the process of soliciting, receiving and selling donated securities. Following these guidelines will insure the proper receipt disposition of gifted securities.

II. Types of Securities

A. Common Stock
B. Preferred Stock
C. Classified Common Stock (Class A/Class B)
D. Bonds or other fixed-income securities

Common stocks are by far the most frequently received securities.

III. Method of Donating Securities

A. Book entry through Depository Trust Corporation (DTC) – This is the recommended method of transferring donated securities. DTC is a service company owned by the banks and brokerage houses of the securities industry and serves as a clearinghouse by using automated book-entry delivery.

1. The donor should be encouraged to instruct their broker to “DTC” the donated securities from their account to an appropriate Auburn University Foundation (AUF) account. The following information is needed to complete this transfer:

   Auburn University Foundation
   Morgan Stanley Account 634-027462-712
   DTC# 0015
   Attention: Joni Brackett 888-599-9651

   The contact person for stock gifts and mutual fund gifts is Sylvia Huggins, Director of Treasury Services, 844-5235.

   Please note that mutual funds cannot be received through DTC.

2. By transferring (DTC) securities to the AUF account, the Foundation is able to expedite the receipt and sale of the donated securities and do so at a minimum cost.
3. If for some reason it is deemed appropriate to establish another AUF account for the receipt of donated securities, the AUF account must meet the following requirement:

   a. The Executive Vice President and Assistant Treasurer must authorize the establishment of any AUF brokerage accounts. This is in accordance with AUF Board Policy.
   b. The commission on the sale of securities must be no more than $.10 per share.
   c. All maintenance or other annual fees must be waived.

   The Offices of Development Accounting and the Office of Treasury Services must be notified of incoming DTC transfers.

B. Physical delivery of security certificates

1. Delivered in person: The receipt of the certificate must be properly endorsed without alteration or enlargement and signed exactly as the name appears on the face of the certificate. The certificate must be signed in the presence of a bank official(s) or broker who has the authority to guarantee the signature. The certificate should not be notarized or witnessed by any other person. See sample (ATTACHMENT 1) of the back side of a stock certificate contained within this document.

2. Delivered by mail: **The donor should not endorse the certificate.** The donor should endorse a stock power or bond power (whichever is applicable) and mail it separately. A bank official or broker must also guarantee the donor's signature on the stock/bond power. See sample (ATTACHMENT 2) of a stock power contained within this document.

3. Security certificates received by the Office of Development Accounting should be hand delivered to the Office of Treasury Services for proper processing. **Campus mail should not be used.**

C. Registration of certificate in the name of Auburn University Foundation.

1. The donor may instruct the transfer agent to issue shares in the name of Auburn University Foundation and deliver the certificate to the Foundation.
2. This method of delivery is not recommended due to frequent delays and poor service on the part of transfer agents.
IV. Date of Gift

The date of the gift is the date the donor relinquishes control of the securities.

A. The date of gift for securities received by mail for the U. S. Postal Service is the date of the postmark. If a delivery service (e.g., the Postal Service) is not used, the date of gift is the date the Foundation actually receives the securities in negotiable form. The date the donor mails securities to their broker or transfer agent for reissuance to AUF does not constitute the date of gift (see next item C. below).

B. If the securities are transferred (DTC) from the donor’s brokerage account to the Foundation’s brokerage account, the date of the gift is when the securities arrive in the Foundation’s account. The donor should be encouraged to work with their broker to insure the proper and timely transfer of the gift.

C. If the donor has had certificates registered in the name of Auburn University Foundation, the gift is dated as of the date on the reissued certificates. Again, the donor should work with their broker to insure proper and timely registration of the securities.

V. Sales of Securities

A. Securities, as a rule, are sold upon receipt. If there appears to be a potential benefit to the Foundation by delaying the sale, the AUF administration can make such a determination. Donors cannot determine the time to sell securities.

B. Donor’s broker should not sell securities from donor’s account. Good delivery of securities must be made to AUF, as described in Section III, for the gift to qualify as a charitable contribution.

C. The valuation of the donor’s gift will be determined on the date of good delivery to AUF.

D. Delegation of Authority

The Executive Vice President and Treasurer have delegated to the Assistant Treasurer and the Office of Treasury Services the responsibility of processing the receipt and disposition of all donated securities.
AUBURN UNIVERSITY REAL ESTATE FOUNDATION, INC.
POLICY AND PROCEDURES
1. General Real Estate Policy
2. Purposes – Primary and Secondary Purposes of the AUREF
3. Procedure for Accepting New Real Estate Interests with Exhibits A, B & C
   A. Exhibit A – Property Description/Donor Affidavit
   B. Exhibit B – Site Examination Checklist
   C. Exhibit C – Explanation of Environmental Assessments
4. Flow Chart for Accepting Real Property
5. Real Property Sale Procedure
6. Procedure for Transfers to Auburn University
7. Certification of Adoption by Board
AUBURN UNIVERSITY REAL ESTATE FOUNDATION, INC.
GENERAL REAL ESTATE POLICY

Auburn University Real Estate Foundation, Inc. (the "Real Estate Foundation") receives gifts, bequests and other transfers of real property to support the various programs of Auburn University. In limited cases where adequate justification can be provided, the real property may be held by the Real Estate Foundation as an investment; however, it shall be the general policy of the Real Estate Foundation to sell real property donated to, or otherwise received by, the Real Estate Foundation as soon as a suitable offer is received or transfer said real property to Auburn University.

The Real Estate Foundation's Board of Directors shall entrust the authority and responsibility of compliance with all policies and procedures to the President and other officers of the Real Estate Foundation.

The Real Estate Foundation shall retain the right to refuse acceptance of any real estate after an appropriate review. It shall be the policy of the Real Estate Foundation to comply with all laws.
AUBURN UNIVERSITY REAL ESTATE FOUNDATION INC.
PURPOSES

The primary purpose of the Auburn University Real Estate Foundation Inc. ("Real Estate Foundation") is to receive gifts and bequests of real property on behalf of the Auburn University Foundation ("AU Foundation") or Auburn University ("University"), to sell the real property and to distribute the proceeds to the Foundation or University.

Secondary purposes of the Real Estate Foundation are:

(i) to evaluate proposed gifts or bequests of real property, and after adequate due diligence, either accept or reject the transfer,

(ii) to receive gifts and bequests of real property on behalf of the AU Foundation and the University and to transfer the real property to the AU Foundation or the University,

(iii) to construct or renovate buildings or facilities for the benefit of AU Foundation and the University

(iv) to evaluate, receive, purchase, hold, manage and operate real property for the benefit of the Real Estate Foundation, AU Foundation or the University, if the property is sufficiently related to the purposes of the AU Foundation or University,

(v) to generate operating funds for the Real Estate Foundation through the investment in real property.
AUBURN UNIVERSITY REAL ESTATE FOUNDATION, INC.
PROCEDURE FOR ACCEPTING NEW REAL ESTATE INTERESTS

1. Upon receipt of notice that real property may be given or transferred to the Auburn University Real Estate Foundation, Inc. (the "Real Estate Foundation"), the Development Officer, Planned Giving Officer or other staff member (the "Staff") shall meet with the prospective donor, complete the Property Description/Donor Affidavit attached as Exhibit A and gather all available information. Staff shall obtain from the potential donor a letter of intent stating the donor's intent to contribute the property to the Real Estate Foundation and the purpose and restrictions, if any, for the transfer (i.e. scholarship fund for business students). If the transfer is the result of a planned gift, Staff shall obtain a copy of the will or other documentation.

2. Prospective donor should be informed that any transfer is subject to approval of the Board of Directors of the Real Estate Foundation and all costs associated with acceptance and maintenance of real property will be charged against any revenue generated by the property or from proceeds from sale of the property.

3. Staff shall forward completed Property Description/Donor Affidavit, letter of intent and other attachments to the President of the Real Estate Foundation.

4. The President of the Real Estate Foundation either rejects the transfer or authorizes an on-site examination of the property and completion Site Examination Form attached as Exhibit B. Staff will maintain contact with the potential donor throughout process.

5. Properties which meet the following criteria may be considered for acceptance if:
   a. The prior uses of the properties and surrounding properties are not of a nature that, in the judgment of the President of the Real Estate Foundation, may have exposed the property to contamination.
   b. The site inspection of the property revealed no evidence of contamination and;
   c. A reliable source, if available, can substantiate that the property is free of contamination.

6. If there is concern about possible contamination, the President of the Real Estate Foundation should either reject the proposed transfer or use an environmental engineer to conduct an environmental assessment of the property (See Exhibit C). These assessments by outside engineers should be used selectively. Attempts should be made to have the costs of this assessment paid by the donor. The Real Estate Foundation can pay for the assessment only upon approval of the Chairman of the Board of Directors of the Real Estate Foundation. In such cases, the costs will be deducted from income produced or sales proceeds.

7. If the assessment report shows strong indication that the property is contaminated, the President of the Real Estate Foundation should reject the gift of property. In very limited circumstances the potential donor may be asked to remediate the contamination and indemnify the Real Estate Foundation from any loss or expense. This action should be carefully weighed and be made only with approval of the Real Estate Foundation's Board of Directors.
8. Upon review of the Property Description/Donor Affidavit, the Site Examination Form, the letter of intent and the various attachments, the President of the Real Estate Foundation shall either reject the proposed transfer, request additional or updated information or propose acceptance of the transfer of real property to the Chairman of the Board of Directors of the Real Estate Foundation. If approved, the Chairman of the Board and the President, in conjunction with legal counsel, shall review the documentation and either reject the proposed transfer, request additional or updated information or propose acceptance of the transfer of real property to the Board of Directors of the Real Estate Foundation.

9. If approved by the Chairman, the President shall submit a recommendation to the Real Estate Foundation Board of Directors for approval. The Board of Directors of the Real Estate Foundation shall either reject the proposed transfer, request additional or updated information or accept the transfer of real property. Upon receipt of approval, the Staff is notified and notifies the Donor.

10. In connection with the transfer of property, the donor will be asked to execute and deliver a warranty deed (general warranty deed, if possible), which contains standard language regarding ownership of the property and representations that same is free from liens, lawsuits, etc. The deed is recorded in the appropriate county court record by the Real Estate Foundation.

11. The Treasurer of the Real Estate Foundation is notified and insures proper recording of the gift on the Real Estate Foundation’s records.

12. The original title documents for real property will be retained by the Secretary of the Real Estate Foundation with copies in the Offices of Development Accounting and Planned Giving.
AUBURN UNIVERSITY REAL ESTATE FOUNDATION, INC.
PROCEDURE FOR ACCEPTING NEW REAL ESTATE INTERESTS
EXHIBIT A

PROPERTY DESCRIPTION

Donor Name:___________________________________________________________

Address or Location of Property:_________________________________________

_____________________________________________________________________

Description of Property:_______________________________________________

_____________________________________________________________________

If known, please indicate prior uses of property.

_____________________________________________________________________

_____________________________________________________________________

Does the property have known easements? These may be for utilities, delivery access, common-area parking, ingress and egress; and may be by recorded deed of interest, unrecorded agreement, or by court order. If so, please attach a list and descriptions of same.

Does the property have potential easements? These may be by potential suit from adverse use for twenty years, by adverse use for ten years with color of title, or use by a former common owner of contiguous parcels of land. If so, please attach a list and explanations of same.

A. Donor’s Affidavit:
   1. Donor owns the property described herein and has the authority to enter into an agreement transferring the property to the Real Estate Foundation.
   2. Donor has complied with all laws, ordinances, rules and regulations of all local, state and federal governments, and Donor has not received any notice from any municipal, county, state or other governmental agency or body having jurisdiction over the property of any zoning, fire, health, or environmental violation or violation of any material laws, ordinances, statutes or regulations relating to pollution or environmental standards.
   3. Donor warrants and represents that no hazardous or toxic materials, exist on or about the property from any source.

Donor’s Signature _____________________________________________________ Date __________________________

Donor’s Printed Name ________________________________________________
Attach copies of the following:

1. Deed
2. Surveys, maps and aerial photos
3. Appraisals
4. Environmental Studies, Wetland or historical designations
5. Notices regarding Property Assessments, Property tax and zoning
6. Title Opinions or Title Insurance Policies
7. Mortgages, restrictions, easements, liens, leases or contracts affecting property
AUBURN UNIVERSITY REAL ESTATE FOUNDATION, INC.
PROCEDURE FOR ACCEPTING NEW REAL ESTATE INTERESTS
EXHIBIT B

SITE EXAMINATION CHECKLIST

Date of Site Examination __________________________Name of Examiner __________________________

Account Name __________________________ Account Number: __________________________

Location of Property __________________________

1. Is there any visible evidence that the ditches or canals or other surface waters (i.e., streams, ponds, water retention pools, "puddles") are polluted?
   Yes ________ No ________

2. Is there any visible evidence of potentially hazardous materials such as chemicals, garbage or metal containers stored or disposed on the property?
   Yes ________ No ________

3. Are there any areas of the property that have no vegetation or have a suspicious odor?
   Yes ________ No ________

4. Are there commercial buildings on the property constructed before 1979? These often contain asbestos.
   Yes ________ No ________

5. Regarding undeveloped property, are there controls against unauthorized access, such as gates or fences?
   Are there (locked) gates to prevent use of access roads? Yes ________ No ________
   Is the property fenced? Yes ________ No ________
   Is the property posted? Yes ________ No ________
   Are there other controls? Yes ________ No ________

6. From a review of the tax maps and a drive around the property, if possible, does any surrounding property appear to be used or ever used in a manner which would be considered a potential risk use?
   Yes ________ No ________

7. Attach photographs of property, particularly any photographs showing potential hazards.

8. Additional comments:

9. Further action recommended:

NOTE: Yes or no answers to any of the above questions do not, by themselves, suggest that an environmental assessment is needed. If concern exists, a Phase I assessment by an Environmental Engineer might be appropriate.
Use of an Environmental Engineer/Consultant

The environmental assessment should be undertaken by a qualified environmental engineer. They generally perform "phased" examinations of properties on an "as directed" basis.

Environmental Assessments

Environmental assessments are usually "phased" or "stepped," meaning that there are several levels of examination ranging from the more fundamental to the more sophisticated, with separate costs for each level.

Phase I Assessment

Provides data to determine if there is possible contamination of the property. Consists of site inspection, historic research, review of public records, examination of facility records and interviews of past and present owners/operators. Usually requires two to four weeks to complete. Cost may range from $1,500 to more than $3,500.
Initial consideration by Development Officer or Planned Giving Officer

Staff rejects or

Staff obtains description, letter of intent, etc. and submits to President

↓

President rejects based on description, etc. or

President authorizes site examination and requests additional information

↓

President rejects or

President requests additional information, environmental study, etc. or

President approves and submits to Chairman of Board of Directors

↓

Chairman rejects or

Chairman requests additional information or

Chairman approves and President submits to Board of Directors

↓

Board of Directors rejects or

Board of Directors requests additional information or

Board of Directors accepts transfer of real property
The Auburn University Real Estate Foundation, Inc. (the "Real Estate Foundation"), from time to time, receives gifts or other transfers of real property. Generally, it is in the best interest of the Real Estate Foundation to sell the real property and apply net proceeds from the sale as specified by the donor.

When real property of the Real Estate Foundation is considered for sale, the following procedures will be operative, unless other specific action is authorized by the Board of Directors of the Real Estate Foundation:

1. At the time real property is received, an appraisal is requested in order to establish the value of the property. If a firm offer is received within one year from date of the appraisal at a price not less than the appraised value, the President is authorized to sell the property for the price offered.

2. All sales not achieved under Item 1, shall be approved by the Real Estate Foundation Board of Directors.

3. On property where the value is estimated at $25,000 or less, an estimate by a licensed real estate agent will be accepted; however, an appraisal by a qualified appraiser shall be obtained for property with an estimated value above $25,000.

4. Except in cases where the President of the Real Estate Foundation may authorize release of appraisals, the appraisals shall not be furnished to prospective purchasers and shall be the confidential property of the Real Estate Foundation.

5. Generally, the sale of real property shall be for cash only.

6. All conveyances of real property will be by statutory warranty deed signed by the President of the Real Estate Foundation or by another authorized officer.

7. All contracts for the sale of real property and documents for the transfer of title shall be approved by legal counsel for the Real Estate Foundation.
The Auburn University Real Estate Foundation, Inc. ("Real Estate Foundation") may receive or acquire real property that should be transferred to, and owned by Auburn University ("University"). Generally, this will occur when the property is closely connected to a University need, program or purpose. The President is authorized to transfer such real property by general warranty deed, provided adequate title insurance is purchased.

The Real Estate Foundation shall attempt to offset any costs associated with transfers of property to the University. Costs to comply with University requirements in excess of Five Thousand Dollars ($5,000) per transfer must be approved by the Real Estate Foundation’s Board of Directors.
This is to certify that the foregoing Policy and Procedures were adopted by the Board of Directors of Auburn University Real Estate Foundation, Inc., on the 10th day of March, 2010.
EXHIBIT A

PRIOR USES QUESTIONNAIRE

Donor Name:__________________  Name on Property Title:____________________

Address of Property:__________________________ (City/County)

Location of Property:________________________  Description of Property:

________________________________________  Agricultural  ______

________________________________________  Commercial/Industrial  ______

Legal Description:________________________  Undeveloped Land  ______

________________________________________  Residential  ______

________________________________________  Age of Buildings (Years)  ______

________________________________________  Other  ______________________ (Specify)

If known, please indicate prior uses of property. ______________________________________

____________________________________________________________________________

____________________________________________________________________________

To provide the Foundation with proper assurance the Donor must attest to the following:

1. Donor owns fee simple title to the property described herein and has the authority to enter into an agreement with the Foundation by which said property will be conveyed to the Foundation.

2. Donor has complied with all laws, ordinances, rules and regulations of all local, state and federal governments, and Donor has not received any notice from any municipal, county, state or other governmental agency or body having jurisdiction over the property of any zoning, fire, health, or environmental violation or violation of any material laws, ordinances, statutes or regulations relating to pollution or environmental standards which have not heretofore either been corrected or disclosed to the Foundation.
3. Donor warrants and represents that to its knowledge: (i) no hazardous or toxic materials, including without limitation, any asbestos containing materials, polychlorinated byphenyls, crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (sixty degrees Fahrenheit and 14.7 pounds per square inch absolute), any radioactive material, any solid, liquid, gaseous or thermal irritant or contaminant or any substances now or after present time defined as or included in the definition of “hazardous substances,” “hazardous wastes,” or “toxic substances” under any applicable federal, state or local laws, ordinances, codes, rules, orders, decrees or regulations and including materials to be recycled, reconditioned or reclaimed (collectively hereinafter referred to as “Hazardous Material”) have been manufactured, used, located on, installed in, transported to or from, generated, stored, buried, released, allowed to escape, discovered upon, or disposed of (collectively referred to as “Incident”) on, or in a location that has or will adversely affect, the property; and (ii) no notice, request, investigation, administrative order, consent order, agreement, litigation or settlement (collectively referred to herein as “Action”) is proposed, threatened, anticipated or in existence with respect to the presence, suspected presence or potential presence of any Hazardous Material on or about the Property from any source.

To the best of Donor’s knowledge, the information provided herein regarding the prior use of the property is accurate and complete.

_________________________________________  ________________________________
Donor’s Signature                              Date

______________________________
Donor’s Printed Name
EXHIBIT B

SITE EXAMINATION CHECKLIST

Date of Site Examination ___________________ Name of Examiner ___________________

Account Name _____________________________ Account Number: _____________________________

Location of Property ______________________________________________________________

1. Is there any visible evidence that the ditches or canals or other surface waters (i.e., streams, ponds, water retention pools, “puddles”) are polluted? 
   Yes ___________ No ___________

2. Is there any visible evidence of potentially hazardous materials such as chemicals, garbage or metal containers stored or disposed on the property? 
   Yes ___________ No ___________

3. Are there any areas of the property that have no vegetation or have a suspicious odor? 
   Yes ___________ No ___________

4. Are there commercial buildings on the property constructed before 1979? These often contain asbestos. 
   Yes ___________ No ___________

5. Regarding undeveloped property, are there controls against unauthorized access, such as gates or fences? 
   Are there (locked) gates to prevent use of access roads? 
     Yes ______ No
   Is the property fenced? 
     Yes ______ No
   Is the property posted? 
     Yes ______ No
   Are there other controls? 
     Yes ______ No

6. From a review of the tax maps and a drive around the property, if possible, does any surrounding property appear to be used or ever used in a manner which would be considered a potential risk use? 
   Yes ___________ No ___________

7. Attach photographs of property, particularly any photographs showing potential hazards.

8. Additional comments:

9. Further action recommended:

NOTE: Yes or no answers to any of the above questions do not, by themselves, suggest that an environmental assessment is needed. If concern exists, a Phase I assessment
by an Environmental Engineer might be appropriate.
EXHIBIT C

EXPLANATION OF ENVIRONMENTAL ASSESSMENTS

Use of an Environmental Engineer/Consultant

The environmental assessment should be undertaken by a qualified environmental engineer. They generally perform “phased” examinations of properties on an “as directed” basis.

Environmental Assessments

Environmental assessments are usually “phased” or “stepped,” meaning that there are several levels of examination ranging from the more fundamental to the more sophisticated, with separate costs for each level.

Phase I Assessment

Provides data to determine if there is possible contamination of the property. Consists of site inspection, historic research, review of public records, examination of facility records and interviews of past and present owners/operators. Usually requires two to four weeks to complete. Cost may range between $500 and $2,000.
The foundation, from time to time, receives real property as a gift either through direct conveyance or via bequest. Generally, it is in the best interest of the Foundation to sell the real property and apply proceeds from the sale as specified by the Donor.

When real property of the Foundation is considered for sale, the following procedures will be operative, unless other specific action is authorized by the Board of Directors of the Foundation:

1. At the time a gift of real property is offered, an appraisal is required in order to establish the value of the gift. If a firm offer is received within one year from date of the appraisal at a price not less than the appraised value, the President is authorized to sell the property for the price offered.

2. For all sales not achieved under Item 1, a review and recommendation by administrators, including the President, will be obtained on any proposed sale and submitted for consideration to the Foundation Board of Directors.

3. On property where the value is estimated at $25,000 or less, a licensed real estate appraisal will be accepted; however, a qualified MAI real estate appraisal will be obtained for property with an estimated value above $25,000. Such appraisals shall be done within ninety days of the date the Board of Directors considers the sale.

4. Except in cases where the President may authorize release of appraisals, the appraisals obtained by the Foundation shall not be furnished to prospective purchasers and shall be the property of the Foundation and subject to confidentiality.

5. The foregoing material will be presented to the Board for approval.

6. Generally, the sale of real property shall be for cash only.

7. All conveyances of real property will be by general warranty deed signed by the President of Auburn University Real Estate Foundation or by the person acting as such.

8. Any sale of real property at a price less than the appraised value must be specifically approved by the Board of Directors.

9. This policy is intended to apply to sales of full fee interests in Auburn University Real Estate Foundation realty and not to leases, easements and other conveyances of partial property interests.

10. All contracts for the sale of the real estate and documents for the transfer of title shall be approved by legal counsel for the Foundation.

11. The purchaser will pay for all closing costs including but not limited to title, insurance, surveys or loan discounts. Costs associated with the furnishing of a deed to the property any title curative work required to deliver good and marketable title to the purchaser will be paid by the Foundation.
PART C. GIFTS/REVENUE PROCEDURES

1. Gift Certificates

Donated gift certificates are not routinely recorded as gifts because they are not gifts until the certificate is redeemed. It is too onerous for the donor and AUF to monitor their subsequent use. However, should a donor choose to provide substantiation when donated gift certificates are used, they may be recorded.

2. Gift Transmittal

The accounting staff works diligently to ensure donors are receipted within forty-eight (48) hours and in accordance with internal and IRS guidelines. Gift entry procedures are continually evaluated for quality control to ensure timeliness, accuracy and efficiency. Internal and external auditors recommend that gifts be sent direct to Accounting. For efficient and timely processing, donors should be encouraged to do so. However, it is recognized that often a gift comes first to a Development staff member. In these cases, the check and any accompanying documents, accompanied by a Gift/Pledge Records Form, should be remitted to Accounting the same day. If information regarding its designation is pending, retain a copy of the check while this is being investigated. Large checks will be deposited, pending receipt of information to allow it to be entered into ASCEND.

If a donor wishes to make a gift by credit card, the donor should be directed to the on-line site whenever possible.

Gifts should not be sent to Accounting through Campus Mail. Courier service is available by calling 734-0276 or 734-0275.

Cash (currency) should be delivered in person to Eagle Crossing, where the cash will be counted in your presence and a cash receipt issued.

3. Gift/Pledge Records Form (Orange Form)

Each time a check is received without a source form (see examples below), a Gift/Pledge Records Form (Orange Form) is to be completed. This form also accompanies the fully executed, original AUF agreement, since it is the form summarizing the information used to book the gift. This form should indicate donor specified restrictions on the use of the gift. If a donor does not specify a restriction, the gift is unrestricted. No AU employee has the right to specify a restriction or select a restricted fund.

When a pledge is received from a donor, the orange form supported by a properly completed letter of intent or a signed pledge card, must be sent to Accounting to allow the pledge to be recorded prior to receipt of the first pledge payment. Real estate gifts are coordinated through the VP of Development and the AUF Property Manager since they require the approval of AUREF.
Approved gifts of real property also require an orange form prior to booking, and should be supported by the appraisal and the original property deed.

The following gifts do not require the use of the Orange Form:

1. marketable securities submitted to Treasury Services with the appropriate valuation
2. pledge payments returned with a pledge reminder card
3. annual fund contributions returned with a solicitation card
4. phonathon gifts returned with a pledge reminder card
5. gifts accompanied by donor letter
6. gifts accompanied by school/college solicitation form
7. gifts of personal property, which require the use of the gift-in-kind form (see below)

4. Gifts-in-Kind Form

Many donors contribute appreciated real estate, securities or intellectual property to AUF. In addition, certain tangible personal property including works of art, books, equipment, furnishings, vehicles, animals, inventories and other valuables may be appropriate gifts for a particular discipline or a library or museum collection. These types of gifts are called gifts-in-kind and under certain circumstances (with the exception of vehicles) can receive the same beneficial tax treatment as gifts of real estate and securities. The donor pays no capital gains tax, and is also eligible for a tax deduction at fair market value. Gifts of real estate and marketable securities require special procedures as discussed above in the Gift Acceptance Policy for Marketable Securities and Real Property (B.4.b. and f. respectively).

Note that for gifts to be added to the permanent collections of AU, such as works of art or historical collections, there will usually be other formal approval processes and committees whose procedures must be followed. The DO should contact the head of the area that is to receive the gift as early in the process as possible to ensure the gift will be used in their program in a substantial manner.

Gifts of tangible personal property to be retained and used in a university program and those to be sold that are valued at $5,000 or greater should be accompanied by a properly completed and supported Gift-in-Kind form and processed as follows. The DO responsible for the gift should complete/coordinate the completion of a gift-in-kind form. See intranet at Forms/accounting/Gift & donations/forms.

**Step One** is to obtain the initial permission to accept the proposed gift. Complete the form with the

a. Name of the department receiving the gift,
b. Name, address of the legal donor,
c. Description of the property and estimate of the value
d. Memorandum describing how the gift-in-kind will be used in the receiving department’s program “in a substantial manner” for a period of no less than 3 years.

Upon completion, the professor, researcher, or department head will sign the form and forward it to the Dean for approval. Once the Dean’s signature has been obtained, the gift-in-kind form is sent to the VP for Development for approval to accept the gift. Museum gifts-in-kind follow the same procedures with the added requirement that all items for accessioning must be recommended by the Director of the Museum, with the advice and consent of the Museum’s Advisory Board.
The original of the approved form should be returned to the DO or the faculty member to authorize them to accept the gift. A copy will be sent to Accounting to be logged into the tracking system.

**Step Two** is to physically take possession/ownership of the gift. The person receiving the gift must

- a. Obtain the donor’s signature on the form signifying that ownership is being relinquished,
- b. Note the date the gifted property is actually received,
- c. Attach the appraisal or other valuation documentation.

Then return the completed form to Development Accounting.

Gifts of tangible personal property to be used in a special event or to be sold at a silent auction are governed by the Special Fund Raising Events Policy.

5. **Gifts of Automobiles, Boats, and Airplanes**

In July, 2006, the IRS changed the deduction allowed a donor of automobiles, boats and airplanes. Unless the vehicle is actually being retained and used in a University program in a “substantial manner” for a period of three (3) years, the donor’s deduction is limited to the amount for which it is sold, and the receipt must reflect this amount. A tax form 1098-C must be filed with the IRS by AUF showing this information, and a copy provided to the donor for the donor’s tax return. In order to sell a donated vehicle, it must first be re-titled to AUF, a tag purchased and sales tax paid.

6. **Gifts of Real Property**

Gifts of real property will be made to the Auburn University Real Estate Foundation, Inc. and require approval by its Board before acceptance (see the Real Property section of the Gift Acceptance Policy, and the related Appendix B). Whenever real property is offered to AUF, the VP for Development should be notified immediately. In no case should a DO allow a donor to record a deed in the name of AUF and then present it as a completed gift.

Real estate gifts also require an assessment of environmental status prior to acceptance. The VP will determine whether to assign the project to the property manager or to legal counsel, and a determination will also need to be made as to how the title will be held.

Upon formal acceptance of the gift, the deed and appraisal should be sent to Accounting with a memo or Gift/Pledge Commitment Form identifying the donor and documenting the donor’s restrictions, if any, on its use so that it can be recorded and an official tax receipt issued.
PART D. EXPENDITURE POLICIES

As an IRS designated 401(c)(3) corporation, the Auburn University Foundation must adhere to certain expenditure rules and regulations to properly protect its status as a non-taxable entity enabling it to receive tax exempt donations for the benefit of Auburn University. Therefore, all expenditures must

- Adhere to IRS guidelines
- Be “ordinary and necessary”
- Be for the benefit of Auburn University.

It is also important to note that the Auburn University Foundation, unlike Auburn University, is subject to sales taxes on its purchases.

The following is intended to provide guidance as to the types of allowable and unallowable expenditures related to the Auburn University Foundation. It is recognized that, from time to time, other types of expenditures not listed herein may arise for which the Foundation funding is requested. In all such cases, the three guiding principles noted above will determine the extent to which the Foundation can participate in funding.

1. Airfare

   Airfare is covered under the Travel policy. The cost should be paid by the employee or charged to his/her credit card, and submitted for reimbursement through the travel reimbursement process. Reimbursement will only be made for the price of a coach ticket; upgrades to first class or business class will be at the expense of the employee.

2. Alcohol

   The purchase of alcoholic beverages from AUF funds is allowable only when there is a documented business purpose. The quantity and the price should be reasonable.

   Personal consumption of alcohol when traveling will be at the employee's personal expense unless entertaining an official guest of the AU and/or the entities referenced above.

   Since alcohol may not be provided to minors, alcohol purchases will not be approved for student functions.
3. **Awards**

Awards to AU personnel will only be made under the terms of a formal award program. Guidelines may be established by a gift document or by an internal program document, but must meet the requirements of a transparent nomination process, availability to the entire group, and an independent selection committee. Whenever an award is made, the funds are to be transferred to the appropriate AU award fund for administration and reporting.

4. **Business Cards, Name Tags and Name Plates**

Name tags (identification badges) are purchased when (1) a new employee is hired, (2) there is a change in an employee’s job assignment or (3) a name tag has been lost. Name plates are ordered when an employee is hired. Business cards are ordered when the employee is hired and can be reordered as necessary. Development staff members may order these items; however, the design and content is covered by AU Office of Communications and Marketing (OCM) policies, and the Director of Development Communications or the Publications Specialist should be consulted for consistency with these guidelines. The cost will be borne by the appropriate budget for that individual and the approving signature of either the Director of Development Communications or the Publications Specialist must be on the invoice when presented for payment.

Badges are usually ordered from Ware’s Jewelers. Nameplates will vary, depending on the building in which the employee is located.

There is one contracted vendor for business cards and one for stationery and these must be ordered on-line by going to the OCM web page at www.ocm.auburn.edu/stationery.

5. **Cellular Phones**

Cellular phones will be provided to individuals who require them to conduct Foundation business. However, cellular telephones have been specifically included by the IRS as “listed property” which is subject to personal use. Cell phones provided to employees must be fully taxed to the employee with the exception of those calls the user substantiates as business. Substantiation of the business use every month is considered too burdensome, but restricting the phone exclusively for business use is considered inconvenient by many staff, who do not want to carry two phones. Therefore, the following alternative methods have been established for providing for the cost of the business use of cellular phones.

**Phones Contracted in the Name of Auburn University Foundation**

Auburn University Foundation (AUF) will participate in the Auburn University cell phone contract with Verizon Wireless. The Development Office will constitute a separate pool, whereby all the minutes of all Development Office contracts will be aggregated to produce a total pool of

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minutes. This should protect individuals who exceed their total minutes only once or twice per year from paying per-minute charges, since per minute charges will only apply when the total combined minutes of all users exceeds the pool total. In effect, one pool member can use another pool member’s unused minutes. The University contract provides for a 21% discount from regular Verizon rates and a free phone. Upgrades to other phones will be at the employee’s expense.

Other services will be available if approved by the appropriate AVP, including text messaging, mobile web access (which uses minutes), PDA Smartphones, Blackberries, and air cards. The list of plan and equipment options and prices will be available on the web at www.verizon.com. VP or AVP authorization is required. Directory assistance is an extra cost and should be used only for emergencies. AUF will only pay for the first four calls to directory assistance each month. Auto-connect service offered in conjunction with directory assistance service will not be paid by AUF. AUF will not insure phones routinely. In the event of loss or damage to equipment, the appropriate user’s budget account will pay for up to one replacement per year.

**Option 1 – Business Use 100%**

An employee may elect to have a phone provided exclusively for business use. If incidental personal use is less than 15%, the phone will be considered exclusively business. (Note that personal use includes personal minutes identified as “free nights and weekends.”) The phone service will initially be the 450 minute Auburn University plan with Verizon, which includes nationwide roaming and long-distance, unlimited calls to other Verizon phones from within the “In” areas, and unlimited nights and weekends. When traveling, this eliminates the need for a “call home” allowance. Excess minutes are $.25 if the “pool” of total Development Office minutes is exceeded. The account will be in the Foundation’s name and the minutes will be part of the Development Office “pool.” The monthly statements will be submitted to Development Accounting each month for full payment. Employees will need to acquire separate service if they require a personal cell phone.

**Option 2 – Business Use Greater Than 50%**

For those who need a phone primarily for the conduct of business but also need a personal phone, and who do not want two phones, a phone will be contracted in the name of the Foundation. The phone service will initially be the Verizon 900 minute plan, which includes nationwide roaming and long-distance, unlimited calls to other Verizon phones from within the “In” areas, and unlimited nights and weekends. Excess minutes are $.25 if the “pool” of total Development Office minutes is exceeded. Business use will initially be assumed to be the average of Development Office business use as determined by periodic analysis, currently 400-500 minutes. The account will be in the Foundation’s name and the minutes will be part of the Development Office “pool.” The monthly statements will be submitted electronically to Development Accounting each month for full payment, where approximately 50% will be charged to the employee’s budget and 50% to the employee. The employee will reimburse the Foundation for his/her 50% of the monthly charge. Periodically, cell phone usage will be reviewed to determine if the number of minutes should be adjusted upward or downward, and on a random basis, individuals will be required to substantiate the business usage to verify the appropriateness of the plan. An employee whose personal usage is subsequently determined to regularly exceed 50% will be required to return the phone and obtain individual service.
Phones Contracted in the Name of the Employee

For employees who require a cell phone in their conduct of Foundation business and only want one phone, but whose primary phone usage is for personal calls, the following options have been established:

Option 3 – Actual Business Use Substantiated Each Month.
An employee may use his/her personal cell phone for both business and personal. This phone may be with any cell phone carrier, but if Verizon is selected, employees are eligible for the special plan for AU employees that provides for a discount rate of 19% off regular rates. These phones will be in the name of the individual and the individual will pay the monthly bill. The actual business calls must be accounted for to determine the percentage of business minutes to total use. This percentage, applied to the total bill, will determine the amount reimbursable to the employee. This amount may be submitted to Development Accounting for reimbursement. Reimbursement under this plan is limited to the cost of the business phone in Option 1, currently $40.

Option 4 – Taxable Allowance.
An employee may elect a taxable allowance of $500. This will be paid once annually for each fiscal year, normally in November or December. The employee is then responsible for obtaining cellular service in his/her own name. It is up to each individual to decide whether to maintain records of business use, which would then be deductible on his or her personal tax return. When the allowance is elected, it remains in force for the full year, and no reimbursement for cellular phone calls will be made, even if business calls result in an excessive bill.

6. Clothing

Appropriate attire for events attended by employees is the responsibility of the employee. The Foundation does not purchase or rent tuxedos, formal dresses, or other clothing for AU employees.

7. Club Memberships

Membership in clubs that provide a setting for business meetings will be provided only to the President of AU, the Chancellor of AUM, and the VP for Development, the VC for Development, and the AVPs upon approval of the VP for Development. Memberships in these clubs are considered by the IRS as not necessary to the conduct of business; therefore, dues payments constitute taxable income to the member.
The cost of receptions, meals, and guest expenses incurred in these clubs are reimbursable by the Foundation in the same manner as other entertainment expenses upon the required substantiation for business entertainment: date, amount, name(s) and relationship of the guest, and business purpose of the meeting.

Late fees and finance charges incurred by any Club member are not payable by the Foundation.

8. Coffee Break and Refreshment Supplies

The cost of coffee and/or filtered water in an employee lounge is payable from Foundation funds.

9. Credit Cards

Personal credit cards are recommended for each DO to facilitate his/her travel and entertainment. Likewise, payment of the credit card statement is the responsibility of the DO. Requests for reimbursement are made by submission of the corresponding travel/expense report, including itemized receipts (not merely a credit card charge ticket). The original hotel statement, rental car contract, detailed restaurant charge ticket, etc. should still be attached to the reimbursement request.

Purchases, whenever possible, should be made using approved local vendors where the Foundation has charge accounts. The list is available at:

https://intranet.alumni.auburn.edu/forms/accounting/pay/AUFVENDORCUSTOMERLIST.pdf

Each AVP has an AUF credit card which can be used to make reservations or order items for their area whenever the purchase cannot be accomplished using regular procedures. The credit card should be used only for exceptions. Since 1099 reporting requirements to the IRS may be involved, the AUF credit card should not be used for “services”. When used, the receipt and all other required supporting documents should be given to the coordinator in charge of the card, including the Banner FOAPA to which the purchase is to be charged and the signature of the person responsible for that budget. Receipts are to be maintained by the support person in charge of the card, and should be reconciled with the statement at the end of the month when submitting it to Accounting for payment. Make certain to document the business purpose of the purchase and/or official guest names if a meal. This information must be included for the expense(s) to be paid. When the statement has been reconciled and the voucher prepared, the AVP or authorized signer must sign the voucher and forward it to Accounting for payment.

Absolutely no personal charges are to be made using this card.
10. Donations

Donations cannot be made by AU to any outside agency/institution or other group. AUF’s incorporating documents only permit donations to AU or its supporting organizations. However, under the following limited circumstances, AUF makes payments to other charitable organizations without charitable intent:

a. Contributions of up to $50 are allowable upon the death of an AU employee or friend if the family designates a qualified charity in lieu of flowers.
b. A payment will be allowed to obtain admission to or purchase a table at a charitable event that is considered a necessary entertainment expense, even though the sponsoring organization designates a portion as charitable.

11. Entertainment

Guest Meals:

Official guests of the University include donors and prospective donors. Meals will be reimbursed up to $90 per person, including reasonable costs for alcoholic beverages, supported by receipts. Gratuities of 15-18 per cent are appropriate - above 20% will not be reimbursed. Documentation must meet IRS requirements: i.e. the date; place and cost; the name of the person; his/her relationship to the University; and the nature of the “business” discussion that occurred during or immediately pre- or post-meal. In Development, this is generally satisfied by the filing of a contact report in addition to the expense documentation.

Tickets to Events:

a. Tickets to AU sporting or campus events may be purchased for use in entertaining donors/prospects. The same documentation is required by the IRS as to date, place, cost, person and business nature of discussions that are required for meals. Tickets not used for entertaining donors may be sold to other donors who request them but should not be given as gifts (see policy on “Gifts to Donors”).
b. Tickets to non-AU events such as stage plays or concerts will not be used as cultivation tools due to the difficulty of conducting business conversations. Any exception to this policy requires the approval of the appropriate AVP.

Receptions:

Reasonable costs of receptions for University retirees having at least ten years of service, visiting scholars or guests, homecoming activities, donor events or other official University occasions may be paid from Foundation funds. Event budgets should have the approval of the appropriate AVP.

To be reimbursable, receptions at conferences not hosted by AU must demonstrate clear benefit to AU. An example of an allowable expense would be a reception for AU grads at a conference, as opposed to a reception for all attendees.
12. Flowers, Invitations and Greeting Cards

Flowers for decorative purposes for official AU business functions, corsage/boutonnieres for retirement functions, or flowers for hospitalized (including births), ill or deceased employees/friends/donors of AU will be paid by the Foundation. Generally, the cost should not exceed $70 for the flowers. Any exception will require advanced approval from the appropriate AVP. Efforts should be coordinated so that duplicate flowers are not sent. Contributions of $50 are allowable if the family designates a qualified charity in lieu of flowers. Greeting cards for donors, prospects and friends are allowable, with appropriate explanation.

13. Gift Certificates

AUF does not purchase gift certificates. Their use is deemed a cash payment to the recipient and entails W-2 and 1099 reporting that is not cost-effective. Therefore, vouchers for their purchase or claims for reimbursement for prior purchases will be denied.

14. Gifts to Donors or Prospective Donors

In the cultivation, solicitation and stewardship process, it is understood that DOs will have meals with donors/prospective donors. These are covered by the Entertainment Policy. It is also anticipated that from time to time a memento of Auburn may be meaningful to the building of the relationship and/or their specific interest(s) in Auburn; however, no gifts are to be given to a donor/prospective donor as a means of gaining their financial support to Auburn University. Gift certificates are never allowable.

When preparing the voucher for a gift to a donor, the documentation submitted to Accounting should include the donor’s name, nature of the relationship with AU, AUF or other related entity and the purpose or basis for the memento. Because a contact report should be generated any time a gift is provided to a donor, attaching a copy of this is the preferred method of documentation. This includes employees who make donations.

If a quantity of items are purchased for future use, they will be carried as inventory, and charged to the budget when distributed. It will be necessary to maintain records on the use of the items and submit it to Accounting no less than quarterly with a journal entry to record the budget charge.

15. Gifts to Employees

Gifts may not be purchased for employees from University or AUF sources to reward exceptional service or for birthdays, weddings, non-retirement departures, etc. These must be funded by the individuals giving the gifts. The following are allowed:
a. Items distributed at the annual employee recognition program in which length of service awards are funded by a Foundation grant.

b. Retirement gifts for retirees with 10 or more years of service may be purchased with Foundation funds. These are to be appropriate for the length of service and position of the retiree. Generally, these should be in the range of 1/2 of 1% (.005) of the individual's compensation, not to exceed $500 without the approval of the Executive VP of the Foundation.

c. Holiday gifts are allowable that meet the following IRS guidelines:

1. they must not be cash, or gift certificates that can be applied as cash,
2. they must not exceed $25, and
3. they must be given equally to all employees, not just selected employees.

This would include such items as token ornaments given at a holiday function, a certificate for a turkey to be redeemed from a local grocer, etc.

16. Honorariums to Speakers or Volunteers

Honorariums to speakers or volunteers can be funded from Foundation funds. When these expenses are incurred an IRS Form W-9 must be completed. A 1099 will be issued at year end if required by IRS regulations. Cash payments should be made direct to the service provider. They should be directed to the AU website to register as a vendor at the time their services are negotiated.

A letter or memorandum of understanding should be obtained to document the services to be provided and the agreed upon compensation. If the services are to exceed $2,500, a personal services contract should be executed.

Gifts to speakers or volunteers are considered taxable compensation and a W-9 should be obtained similar to that described above for gifts that exceed $600.

17. Loans

Loans are not made to AU Employees.

18. Office Supplies

The Office of Development may make purchases with either AU or AUF funds. When using AU Funds, you should refer to the AU website for the applicable rules. When using AUF funds, appropriate sales taxes should be applied.
Several businesses have accounts established for the AU Office of Development and AUF for use when purchasing from these vendors. The list is available at:

https://intranet.alumni.auburn.edu/forms/accounting/pay/AUFVENDORCUSTOMERLIST.pdf

Credit cards and on-line ordering are available for Office Depot and Staples. An MBNA MasterCard is available for purchases when no other accounts exist. A credit card is held by each AVP and certain Directors for security and must be checked out for purchases. The credit card number is not to be used without notifying the responsible person.

When office supplies are purchased, the receipt(s) should be taped to a standard size piece of paper on which the purpose of the purchase, the BANNER FOAPA number to be charged, and approval by the DO/authorized signer for the FOAPA is indicated. Once the DO/authorized signer has approved the purchase, the document(s) should be returned to the appropriate AVP or Director for his/her approval. Once approved, the paperwork will be held by the AVP/Director’s support person to be reconciled with the month-end statement, at which time a voucher will be prepared and submitted for processing through Accounting. The card is not intended for routine purchases, so if it is noted that you need to requisition the card frequently for the same vendor, you should contact Accounting so that an account can be set up with that vendor.

19. Political Contributions

A grant will be made to the Office of the President of Auburn University to assist with legislative relations and lobbying activities related to legislation that impacts the University. If requested, the Foundation will pay AU’s dues to lobbying coalitions that assist in securing funding for higher education.

Under no circumstances will AUF funds be used to attend events related to a candidate running for political office, or expended in any manner that could be construed as campaign-related.

20. Processing Invoices

Process all billings promptly. Payments are processed by individual invoices, with the exception of credit cards. Vouchers should be prepared with at least one line for each invoice and forwarded to Accounting promptly for payment, supported by the following information:

a. Original invoice
b. All appropriate authorization signatures for payment
c. FOAPA from which to pay, and activity code if applicable
d. Business purpose of the expenditure
e. List of official guests if for entertainment/official guest, including their relationship to AU and the business reason for their entertainment
f. Name of the recipient if for a gift or memento
If billing is being split between two or more budgets, each person responsible for payment must sign and give the FOAPA. If you want to mail the payment personally, you may instruct Accounting to return the check to you by a notation on the voucher.

Vendor vouchers can be accessed on the Development Office intranet under “Forms/Accounting/Accounts Payable/Forms.”

21. Professional Services Contracts

Personal services for the benefit of AU or AUF may be paid from AUF funds. As this is subject to 1099 reporting, these expenditures must be paid direct to the provider of the services. Payments made by cash will not be reimbursed. Therefore, at the time of contracting for the services, the contractor should be directed to register as a vendor on the AU website.

A letter or memorandum of understanding should be obtained to document the services to be provided and the agreed upon compensation. If the services are to exceed $2,500, a personal services contract should be executed. Services provided to an AU unit that are to be paid from AUF funds may be documented with either an AU personal services contract or an AUF personal services contract.

22. Relocation Costs

Payment of relocation costs for new faculty or staff may be funded by the Auburn University Foundation. It is preferred that the employee pay the costs and apply for reimbursement rather than requesting the Foundation to pay a third party direct. It is important to recognize that these are taxable to the employee and will be reported to the AU Payroll Office.

23. Spouse Travel/Entertainment Expenses

Travel costs for spouses or children will not be reimbursed. There are occasions when a spouse may be requested by a Dean or an AVP to attend an entertainment event as an official guest. In accordance with IRS regulations, the value of the entertainment constitutes taxable income to the employee.

24. Staff Meals

Meals for staff working through meal time at the request of their supervisor may be paid from Foundation funds, such as at a training event or when there is a deadline to be met. When only AU employees are involved, meals may be paid with Foundation funds only if the meals meet IRS guidelines for deductibility, i.e., a business discussion takes place in connection with the meal, the cost is reasonable in amount, and it satisfies the general rule that the meal setting is an appropriate place to discuss business.
Occasional morale building events such as a holiday party or family picnic are allowable if 1) infrequent, 2) non-discriminatory (includes all employees in the employee group) and 3) reasonable in cost. Reimbursement for events at employee homes may include clean-up costs or flowers for the specific event. General initial clean-up, lawn service, or decoration (such as seasonal decoration of a home) will not be reimbursed. Infrequent is defined as one or two events per year per employee group.

25. Tax

Auburn University Foundation is subject to sales and use tax. When making purchases, always have the vendor add sales taxes. Because out-of-state vendors usually will not charge Alabama taxes, it is preferable to use in-state vendors whenever possible.

26. Transportation for Groups

With the closing of the AU Motor Pool, Development staff or AU departments may, on occasion, need to obtain a vehicle for local use and/or regional trips. Departments should make decisions as to use of a personal vehicle, use of a state vehicle, rental of a vehicle from an outside firm, or purchase of an airline ticket, based on the most economical and efficient choice to the University. Contact the AU Office of Payment and Procurement Services for information regarding University contract providers of rental vehicles.

Payment can be handled in one of two ways: 1) the employee responsible for renting the vehicle charges the expense to their personal credit card and submits the cost for reimbursement via a travel voucher; or 2) the department can make arrangements for the cost of the rental to be billed to the department and paid via vendor voucher/invoice. Due to IRS 1099 reporting regulations, rentals cannot be charged to the AUF credit card or the University Purchasing Card.

27. Travel

a. Transportation Costs:

Only transportation costs actually incurred are eligible for reimbursement.

1. Transportation by personal vehicle is reimbursed at the allowable IRS mileage rate.

2. Transportation by rental car is reimbursed at the actual cost of the rental contract, plus fuel. Collision insurance charges should be waived, as employees are covered by the University policy while traveling on University business. Auburn University has a letter that can be used as evidence of insurance. A printable copy is located on the Development Office intranet. Vehicles should be returned full of fuel to avoid
excessive refueling charges. A mid-size sedan similar to the Taurus, Camry, Impala, etc. is an acceptable choice. If a large group is traveling together and desires only one vehicle, a larger vehicle may be approved by the appropriate AVP. The government rate is to be requested.

3. Air travel should be at “coach” fares. Trips requiring air travel should be planned far enough in advance to take advantage of the reduced fares regularly offered. Every effort is to be made to keep air fare under $500. Fares in excess of $500 must be approved, in advance, by the appropriate AVP.

4. IRS mileage is computed from office to destination. Therefore, the following standard mileages apply for trips to airports (one way):
   a. Atlanta – 100
   b. Birmingham – 132
   c. Columbus – 37
   d. Montgomery – 52

5. Airport parking costs above $10/day will need approval in advance from the appropriate AVP.

6. When employees are traveling to the same city or event, or on the same flights, efforts should be made to share transportation.

7. Use of airport shuttle service is allowable when the cost is comparable to mileage charges.

8. Cab fare is reimbursable when supported with a receipt.

b. Lodging:

   Actual lodging costs (without tax) will be paid for room rates of $100 or less for in-state and $180 for out-of-state. The State rate should be requested when lodging in Alabama, and the government rate otherwise. Significant increases over these suggestions may be made only upon consultation with an AVP. If traveling to a high-cost area such as New York, San Diego, DC, etc., AVP approval must be obtained in advance to cover additional costs. If traveling to a convention or conference, convention rates would apply. Travel with Deans, which may be done per the Dean’s preferences, should be reviewed with the appropriate AVP prior to the trip.

c. Travel Incidentals:

   Certain miscellaneous expenses are no longer allowable when traveling overnight, as follows:
1. When staying in a hotel, $5/per night will no longer be reimbursed for baggage, since this is included as part of the per diem portion of the travel allowance.
2. Daily phone calls home will no longer be reimbursed. If no cellular phone is available, purchase of a phone card from Sam’s or Wal-Mart is reimbursable.
3. Mini-bar charges are not reimbursable.
4. Charges for spa visits, movies in rooms and other similar activities are considered personal and will not be reimbursed.

d. Travel Meals:

**Overnight travel:**
Auburn University Foundation has elected a policy of reimbursing travel meals and incidentals expense (M&IE) for trips that include an overnight stay using the IRS “high/low” per diem rates for the continental United States (“CONUS”). This applies a standard rate of $52 for most locations, but applies $65 high cost as listed at:

http://www.irs.gov/pub/irs-pdf/p1542.pdf (refer to Table 2 on Pages 6-7)

If a donor is being entertained, refer to “Guest Meals” below for the applicable policy that applies when guests are present. Whenever a meal is reimbursed under the “Official Guest” policy, the daily per diem will be reduced by the amount shown in the following table for that meal.

<table>
<thead>
<tr>
<th>Meals &amp; Incidentals Expense</th>
<th>$52</th>
<th>$65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Lunch</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Dinner</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>Incidentals</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Note that the M&IE per diem includes $5 daily for “incidentals” such as baggage handling. Also, the following are not reimbursable.

a. Breakfast on the day of departure unless the departure is before 6:00 a.m.
b. Dinner on the day of return unless the arrival time is later than 7:00 p.m.
c. Alcohol as part of a travel meal. Alcohol is only reimbursable when incurred in conjunction with entertainment of donors or prospects.

**One-day travel:**
The IRS does not allow a deduction for meals without an overnight stay, so any reimbursement of meals without an overnight stay will be included in the employee’s wages. For trips not involving overnight stays and where there is no official guest, the meal per diem is $11.25 for trips of 6-12 hours and $30 for trips of 12 hours or more.
Travel for Donors/Prospects:
Foundation funds should not be used to pay for travel or lodging for donors/prospects.

In accordance with IRS regulations, travel and/or entertainment costs for spouses or children will not be reimbursed.

28. UPS and FedEx Procedures

United Parcel Service (UPS) and Federal Express (FedEx) priority shipping services are available for sending materials as deemed appropriate. When sending packages using either service, indicate the budget FOAPA in the “Sender’s name” line on all forms you use. Also, after sending the package, please provide a copy of the “Sender’s” copy (or send the original if you are not filing them) to Accounting to be reconciled with the month-end UPS or FedEx statement.

29. Vehicles

At the discretion of the Vice President for Development, vehicle allowances may be provided to certain staff of the Office of Development. The allowance will be in accordance with Auburn University vehicle policies.

The allowance will be equal to 5% of the employee’s salary, with a minimum allowance of $4,000. It will be included on the employee’s Personnel Action Form and will, therefore, be paid monthly as part of the regular payroll process. The allowance will be fully taxable and subject to all payroll taxes, but it will not be part of the retirement base.

All costs associated with owning and maintaining a vehicle appropriate for business needs are the responsibility of the employee and will not be individually reimbursed. Travel expense (mileage), allowable under University policies, will be reimbursed to the employee at the prevailing IRS rate upon the submission to Development Accounting of the appropriate documentation of the trip, including the date, destination, number of miles, and business nature of the trip. Parking charges and tolls, incurred on an allowable trip, will also be reimbursable. Local area travel, car washes, and tickets for parking and moving violations will not be reimbursed.

30. Non-Reimbursable Expenses by the Foundation:

a. Gifts of cash, including gift certificates, phone cards, etc. Expenditures for birthday or holiday gifts, except as described above. Gifts for baby showers, wedding showers, or costs related thereto.

b. Meal and travel for spouses and children of employees.
c. Upgrades of airline flights to first class or business class.

d. Payments of scholarship or fellowship awards will generally not be funded from Foundation funds. In the unusual event that a dean/administrator requests such assistance, the funds requested, if approved, would be transferred to an Auburn University account and disbursed according to University policy and procedures. The funds would not be paid directly to a student from the Foundation.

e. Contributions to other tax exempt or charitable organizations except Auburn University or another IRS 501 (c)(3) existing for the benefit of Auburn University are not allowable from Foundation funds. An exception to this general rule may occur when the payment is not made with donation intent, but for another of AU’s needs, such as “in lieu of flowers” at a death, or to obtain admission to a dinner or other event when the cost is billed as partially charitable by the recipient.

f. The Foundation will not fund any payments to a political campaign, political candidate, or fund raiser.

g. The cost of renting tuxedos.

h. Costs of ownership of vehicles, including car washes, automobile club memberships, deductibles and out of pocket costs related to accidents, parking fines, or insurance on rental car contracts.
PART E. BUDGETS

Accounting works with the Development staff to prepare annual budget requests, which include detailed descriptions of the anticipated expenses. Constituency budgets and a major portion of the Constituency Development Officer(s)’ salaries are paid for by the respective college/school/unit restricted funds. Constituency budgets must have approval from the appropriate Dean or Director before it will be approved by the Vice President. Remaining Development budgets are paid from AUF’s unrestricted funds. All budgets must be approved by the Vice President for Development.

Total salaries will be subject to the approval of the Board of Trustees, but the relative funding of these salaries is determined by a Services and Facilities Agreement between AU and AUF or other related entity, if applicable. The budget requests will be used to provide a summary of funding needs to the Vice President for Development and the Assistant Treasurer, along with the estimated revenue available from AUF or other related entity, if applicable, and the University. They will use these to request funding and, based on the funding ultimately approved, individual budgets may be adjusted.

The AUF has assigned budget orgs in the Banner accounting system the same number as used by AU. Each budget area will normally have the ability to spend funds within both entities; however, the total budget will be maintained in the AUF org. Expenditures charged to AU’s (Banner chart A) budget(s) will be reimbursed and charged against the AUF’s (Banner chart F) budget(s) using the appropriate chart F org. The combined expenditures may not exceed the final approved total budget. Therefore, should additional funds be required, a request, which has been approved by any Dean, Director, or AVP as appropriate, must be submitted to the VP for Development through the Development Administrative Officer.

PART F. REPORTS

Requests for reports of contributions should be coordinated through Development Accounting. It is the goal of Accounting to produce timely, accurate, and user-friendly information and financial reports on various aspects of private support. These reports can be generated for the entire University or by constituency with a number of variables. If a report is requested on a regular basis, the ability to generate the report from the user’s workstation may be approved.
**PART G. TRAINING**

When a new employee is hired in the Office of Development, Accounting will coordinates training on accounts payable, budgets, gifts and pledges, and reports which are available through Accounting.

**PART H. YEAR END GIVING**

During the Christmas break, the DOs are asked to volunteer one-half day to be on call for year-end giving. The DOs are able to work this shift either at the Alumni Center or at their home. When the remaining staff returns from the holidays, mail may contain checks for charitable contributions for which the donor is entitled to a deduction in the previous year. In order for checks to be booked with a December 31 date for the previous year, the envelope must be kept as evidence and presented to Accounting with the check(s). Otherwise, they will be processed according to normal procedures and be dated on the day of processing.

If your donor expects to make a gift during the holidays, strongly urge him/her to send a check by U.S. mail as opposed to utilizing a credit card. The IRS deems a gift to be deductible when a check is mailed but only on the processing date when made by credit card. Since mail service is only sporadic during the holiday break at the end of the year, it is not always possible to identify the credit card payments for processing before December 31. If a donor is insistent upon making a donation by credit card during the holidays, the donor should be strongly encouraged to make the gift on-line.