AUBURN UNIVERSITY
FOUNDATION

Auburn University and Affiliated Foundations

# POLICY REGARDING GIFT ACCEPTANCE

Reviewed and Approved as of

June 30, 2014

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## ATTACHMENTS



**Note: All references to internal and external supporting documents, guidelines, and policies throughout this publication are current as of the date in the document footer.**

Auburn University and Affiliated Foundations
# POLICY REGARDING GIFT ACCEPTANCE

## 1.0 Purpose

The Auburn University Foundation (AUF), in light of its mission and responsibilities to maximize private giving to Auburn University (AU), Auburn University Montgomery (AUM), and the Tigers Unlimited Foundation (TUF) to qualify at all times as an organization to which deductible contributions may be made pursuant to the Internal Revenue Code, and to operate in a transparent manner, establishes the following *AU/AUF Policy Regarding Gift Acceptance*.

The *AU/AUF Policy Regarding Gift Acceptance* provides guidelines for the acceptance and reporting of gifts for the benefit of AU, AUM, TUF, AUF, and where applicable, the Auburn Spirit Foundation for Scholarships and the Auburn University Real Estate Foundation (AUREF). Athletic gifts are made to TUF for the benefit of athletic programs. All gifts are recorded on a central database. For further clarification on any item(s), please contact the AU Office of Development.

## 2.0 Authority

This policy is written and administered under the direction and authority of the Vice President for Development consistent with the directive of the Auburn University President that all gifts to Auburn University and Auburn University Montgomery, as well as the Tigers Unlimited Foundation, from individuals, corporations, or foundations should be made through the Auburn University Foundation and that all gifts will be processed in accordance with the donor's wishes through the Auburn University Foundation unless a donor-documented request to process directly to Auburn University accompanies the gifts. *(Memorandum from President Jay Gogue, February 11, 2011, regarding Solicitation of Private Gifts for Auburn University from Individuals, Corporations, and Foundations).* Questions about this policy may be directed to the Associate Vice President for Development Operations.

## 3.0 General Policy

AUF will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with its stated mission and do not violate the terms of its corporate charter or this policy. By policy, gifts to the AU and AUM from individuals, corporations, or foundations are made to the Auburn University Foundation (AUF); however, there may be instances in which donors send their gifts directly to Auburn University (AU) or Auburn University Montgomery (AUM). All gifts made to AU, AUM, TUF, and AUF, whether in the form of an outright gift, deferred gift, or pledge, shall be accepted and reported in accordance with the gift acceptance guidelines as stated below.

The primary source for these guidelines is the standards and definitions provided by the Council for Advancement and Support of Education (CASE) in its publication *CASE Reporting Standards and Management Guidelines, 4th edition.* CASE generally is accepted as the leading source on gift acceptance and campaign counting policy, providing 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 the CASE standards for counting. As the recognition of gifts is an institutional decision, recognition of donors does not always mirror gift counting. Therefore, variances may occur from one institution to another.

Though the CASE reporting standards are the leading source for gift reporting, it is recognized that in certain instances the guidelines are non-specific. It is the intent of this policy to provide guidance and counting standards in all gift areas as they apply to AU, AUM, TUF, and AUF. In cases in which a gift falls outside the parameters of this policy, the gift shall be reviewed by the Gift Acceptance Committee (GAC) for a recommendation to the Vice President for Development. The GAC will include the following voting members: Associate Vice President and Campaign Director; Associate Vice Presidents for Constituent Development; Associate Vice President for Development Operations; Director of Office of Trusts, Estates, and Gift Planning; and Director of Development Accounting. Other individuals may be called upon on an ad hoc, non-voting basis to provide advice and counsel. These individuals include representatives of university administration such as Associate Vice President for Business and Finance; Assistant Vice President for Facilities; representatives of the Office of the General Counsel; Director of Real Estate; or other appropriate individuals depending upon the specific situation.

The GAC shall review all proposed gifts, as well as any questions or issues relating to gifts not covered by this policy. After review, the committee shall recommend a course of action to the Vice President for Development. The types of gifts that may be referred to the GAC include, but are not limited to, the following:

1. Gifts requiring unusual funding arrangements or other commitments
2. Gifts of intangible or unusual personal property
3. Gifts of non-publicly traded securities
4. Gifts of partnership interests and other non-traditional investments

5. Certain annuity contracts and charitable annuity trusts as defined further in this policy statement

6. Gifts with special restrictions that may be difficult or costly to administer

7. Any gifts that are exceptions to the existing guidelines or that fall outside the definition of acceptable gifts as defined by this policy statement

If a Development Officer is uncertain as to the acceptability of a gift, he or she first should consult with the appropriate AVP to determine whether GAC review is required.

All efforts for seeking private gifts must be cleared and coordinated through the Auburn University Office of Development located in the Auburn Alumni Center, 317 South College Street, Auburn University, AL 36849.

## 3.1 Legal Counsel

The Office of Development shall seek the advice of legal counsel in matters relating to acceptance of gifts where appropriate. Only Attorneys-at-Law licensed to practice in the State of Alabama and serving Auburn University in the Office of the General Counsel or as outside counsel on behalf of Auburn University or the Auburn University Foundation shall be authorized to offer legal opinions on matters related to gift solicitation, acceptance, and disposition.

## 3.2 Conflicts of Interest

At no time should any Auburn development staff member or volunteer involved in the solicitation of a gift serve as a professional legal, tax, or financial advisor to a donor or prospect in matters relating to a gift. Prospective donors are encouraged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and/or estate-planning consequences.

## 3.3 Ethical Considerations

AUF is committed to ethical engagement. All solicitations on behalf of AU or any unit or program thereof shall comport with the standards in the *Donor Bill of Rights*, as developed by the Council for Advancement and Support of Education (CASE) and other national organizations. Additionally, all fundraising staff shall adhere to the *Model Standards of Practice for the Charitable Gift Planner*, as adopted by the Partnership for Philanthropic Planning, when soliciting planned gifts.

## 4.0 Definitions

A gift is defined as a voluntary transfer of assets from an individual or non-governmental organization made without consideration. The donor does not expect nor receive any goods or services from AU, AUM, TUF, or AUF in consideration of the gift. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Except in the case of charitable lead trusts, a gift is an irrevocable transfer of assets.
- Except in the case of life income payments made to donors or other life income beneficiaries of charitable trusts or annuities, a gift is not subject to an exchange of consideration or other contractual duties between AU, AUM, AUF, and the donor.

## 5.0 Gift Purpose and Determination of Date of Gift

AUF will accept unrestricted gifts and gifts restricted to AU or AUM programs and purposes, provided that:

1. such gifts are consistent with the stated missions of AU, AUM, TUF, or AUF;
2. such gifts do not violate the terms of AUF's corporate charter or this policy; and
3. any restrictions or conditions imposed on the use of such gifts are approved by AU or AUM.

The gift date is based on various criteria, depending on the type of gift and the form of delivery as outlined below. The date used for tax purposes is the donor and/or his/her financial advisor's decision.

### 5.1 For Cash/Checks

If **by mail**, the gift date is the process date on which the check enters into the United States Postal Service or delivery system. Absent documented evidence (the postmarked envelope), it is the date received by Gift Accounting.

If **by website**, the gift date is the date in which the electronic funds transfer is approved by the donee's bank.

If **hand delivered**, the gift date is the date received by Gift Accounting. Gifts of cash must be delivered in person to Gift Accounting. At the time of delivery, a Gift Accounting staff member will verify the cash amount with the deliverer. A completed *AUF Cash Acceptance Form* will be signed by a Gift Accounting staff member and the deliverer as verification of the amount delivered and accepted for deposit by Gift Accounting.

The use of campus or interoffice mail to transmit funds to Gift Accounting is not permitted. Acceptable means of transmission include hand delivery and courier delivery.

When a university staff member receives a check, cash, or other currency, it is the responsibility of the staff member to transmit the funds and all accompanying documentation to Gift Accounting within 24 hours. An *AUF Gift/Pledge Records Form* or solicitation device from an approved solicitation must be attached.

### 5.2 For Credit Card Transactions

The gift date is the date on which the credit card company approves the charge.

### 5.3 For Marketable Securities

If the stock is a **Depository Trust Company (DTC) transaction**, the gift date is the date the stock is recorded to AUF's account.

If the stock certificate is in AUF's name, the gift date is the date the certificate was issued.

If the stock certificate is **delivered by mail**, properly endorsed, and accompanied by an authorized signature guarantee, the gift date is the date the envelope is postmarked.

If the stock certificate is **hand delivered**, the gift date is the date the certificate is received by AU's Endowment Investment Office.

### 5.4 Gifts-In-Kind

The gift date is the date on the deed of gift, warranty deed, or other legal instrument transferring ownership.

## 6.0 Gift Acceptance Guidelines

There are three gift categories with specific types of gifts within each category: (6.1) Outright Gifts, (6.2) Deferred Gifts, and (6.3) Pledges.

For the guidelines on counting the gifts outlined below, please refer to the *AU/AUF Campaign Counting Guidelines* offered as **Attachment B** to this policy.

### 6.1 Outright Gifts

Outright Gifts are voluntary irrevocable transfers of items of value to AU, AUM, TUF, or AUF in the form of cash, securities, or other property where no goods or services are expected, implied, or forthcoming by or to 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 designated and receipted, the donor may not retain any further explicit or implicit control over the use of the gift. Outright gifts include (6.1.1) Cash, (6.1.2) Assignments of Income, (6.1.3) Closely Held Securities, (6.1.4) Marketable Securities, (6.1.5) Mutual Funds, (6.1.6) Corporate and Foundation Gifts, (6.1.7) Gifts-in-Kind, (6.1.8) Life Insurance, (6.1.9) Partnership Interests, (6.1.10) Matching Gifts, (6.1.11) Real Property, (6.1.12) Realized Bequests, and (6.1.13) Donor-Directed and Donor-Advised Funds.

### 6.1.1 Cash

Gifts will be accepted in the form of currency, money orders, checks, electronic fund transfer (EFT), and credit cards. All checks should be made payable to Auburn University Foundation. In no event shall checks be payable to an employee, agent, or volunteer for the credit of AUF. Cash gifts received from an entity other than the donor, such as charitable organizations, private foundations, partnerships, 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. The date on which AUF processes cash, check, and credit card gifts is not necessarily the date of gift for the donor's tax purposes. It is the responsibility of the donor to maintain accurate records of the date of the gift. Donors should not rely on AUF's gift receipt for such proof.

### 6.1.2 Assignments of Income

A donor may assign to AUF income that he or she would have received from a third party as payment for services. If a check already has been issued in the donor's name, he or she may endorse the check to the Auburn University Foundation. Alternatively, the donor may request that the income be remitted directly to the Auburn University Foundation and any check drafted be written in AUF's name. If the check is payable directly to AUF by the third party, documentation must accompany the check identifying the payment as a charitable contribution *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.1, Assignments of Income).*

### 6.1.3 Closely Held Securities

Securities that are not publicly traded may be accepted by AU, AUM, TUF, or AUF upon the recommendation by the GAC to the Vice

President for Development and the AUF Treasurer or his/her designee. Development Officers shall make no commitments regarding the acceptance of these gifts without written authorization from the Vice President for Development. When considering gifts of closely held securities, the GAC shall consider any restrictions that might prevent its conversion to cash, its marketability, and its potential for undesirable consequences to AU, AUM, TUF, or AUF. A detailed explanation surrounding the circumstances of the stock, the company, and the donor's reason for the gift must be documented and provided to the Vice President for Development.

For gifts of privately traded stock, development staff must obtain approval of the GAC prior to accepting the securities. The Development Officer seeking approval should consult with AU's Endowment Investment Office in the event of an outright gift, or the Office of Trusts, Estates, and Gift Planning (TEGP) in the event of a planned gift, prior to seeking GAC approval. TEGP will assist the Development Officer in preparing the materials necessary for review by the GAC, including necessary appraisals and inspections.

### 6.1.4 Marketable Securities

Securities that are traded on an exchange or other publicly reported market may be accepted by AU, AUM, TUF, or AUF and receipted and recorded in accordance with AU and AUF policies. Securities will be sold immediately upon receipt. In rare cases, securities may be held if they are deemed appropriate within the overall investment strategies of AU and AUF. AU, AUM, TUF, or AUF employees and volunteers may not represent to a prospective donor that a particular security will be held for investment.

Marketable securities will be valued at the average of the high and low quoted selling price on the date on which the donor relinquishes dominion and control of the assets in favor of the institution *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.7, Marketable Securities).* Sales of the securities occur without regard to expenses associated with the transaction.

In compliance with IRS regulations for receipting non-cash gifts, only the date and description of the property received, but not the value, will be included on the official receipt.

The following guidance is given for determining the legal date of such gifts:

- Stock certificates that are mailed to an institution are considered to be a legal gift as of the date of postmark for the certificate or signature-guaranteed stock power (a certified signature of the owner of the stock signing the stock over to the institution), whichever is later.
- Stock certificates that are sent to an institution via a third-party provider, such as UPS or Federal Express, are considered to be a legal gift as of the date of receipt by the institution.
- Stock certificates registered in the name of the institution are considered to be a legal gift as of the date of registration in the institution's name.
- Stock shares transferred electronically are considered a legal gift as of the date the stock is credited to the account of the recipient institution. While a donor may have instructed his or her broker to initiate a transfer on some earlier date, the fact that the broker delayed that transfer or moved the shares into a temporary holding account does not alter the fact that the institution did not have control of the stock. In addition, until the stock is credited to the institution's account, it is possible for the transfer to be reversed. Therefore, the gift valuation will be based on the date the stock came under the institution's control *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.7, Marketable Securities).*

### 6.1.5 Mutual Funds

A mutual fund is an open-ended fund operated by an investment company that raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds may be held in certificate form but are more likely to be held in electronic form by a brokerage firm, financial institution, or mutual fund company.

The Office of Trusts, Estates, and Gift Planning will work with AU's Endowment Investment Office to determine whether mutual fund shares can be transferred and how they are to be transferred. Note that depending on how the shares are held, the transfer can take from a week to more than three months to complete. Development staff should be mindful of this potential for delay, especially if a donor is attempting to make a year-end gift.

### 6.1.6 Corporate and Foundation Gifts

Corporate gifts include gifts from corporations, businesses, partnerships, and cooperatives organized for profit-making purposes, including corporations owned by individuals and families and other closely held companies. This category also includes company-sponsored foundations – that is, those created by business corporations and funded exclusively by their companies – as well as industry trade associations *(see CASE Reporting Standards and Management Guidelines, 4th edition, 2.2.1, Corporations).*

Gifts from foundations include gifts from personal and family foundations and other foundations and trusts that are private tax-exempt entities operated exclusively for charitable purposes *(see CASE Reporting Standards and Management Guidelines, 4th edition, 2.2.2, Foundations).*

For assistance in distinguishing a charitable gift from an exchange transaction, see the *Auburn University and Affiliated Foundations Policy to Identify and Administer Gifts and Sponsored Projects*.

### 6.1.7 Gifts-in-Kind

A Gift-in-Kind, also known as an "in-kind gift," a "non-monetary gift," and a "non-cash gift," generally is defined as non-cash donations of materials or long-lived assets other than real or personal property (*see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind*). More commonly, these types of gifts come in the form of equipment, products, art, books, and project materials. Examples of tangible assets are (a) personal collections of art, books, coins, or movies; (b) cars, boats, and aircraft; (c) animals; (d) securities; (e) equipment; (f) printed materials; (g) food or other items used for hosting events; and (h) gas or oil wells. Examples of intangible assets are (a) patents; (b) copyrights of cultural, artistic, and literary works; and (c) computer software under development. AU, AUM, TUF, and AUF may accept GIK contributions to be sold or retained and used to advance the mission of the institution.

When Auburn accepts GIK, it also accepts the risks and responsibilities of maintaining that asset. Such GIKs also can create risks for the donor. Ultimately, acceptance of a GIK rests with the Vice President for

Development. Therefore, a Development Officer should consult with the appropriate Associate Vice President to determine whether GAC review is required. After approval of the acceptance of a GIK, the Development Officer should contact the Associate Vice President for Development Operations who will assist the Development Officer with any required agreements governing the gift and will coordinate with relevant administrative offices.

The IRS requires that donors seeking to claim a tax deduction for a charitable GIK with a fair market value in excess of $5,000 obtain a qualified appraisal. The donor is responsible for obtaining the appraisal. To avoid any conflict of interest, AUF can neither pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than 60 days prior to the date of the gift. If no appraisal is required for the donor's purposes, AUF may choose to conduct its own independent appraisal of the property. In that instance, AUF will bear all costs of that appraisal for AUF purposes only, not for donor credit *(see AU/AUF Campaign Counting Guidelines, 6.1.7, Gifts-in-Kind).*

If no appraisal is required (for gifts of $5,000 and less), refer to *AU/AUF Campaign Counting Guidelines, 6.1.7, Gifts-in-Kind* for proper documentation to support the value of the gift.

AUF reserves the right to liquidate, upon transfer or any time thereafter, any GIK obtained through charitable donation, unless otherwise specified in a legally binding agreement between AU, AUM, TUF, or AUF and the donor(s). GIKs are transferred by a conveyance of title to the property or by a deed of transfer where such documents govern the sale or disposition of said property. When such a document is required, the gift is complete when title is transferred.

Where transfer of title is not required, the gift is complete when the property is approved and received by AUF. Where no title transfer is required to transfer the asset to Auburn, written documentation must be prepared to establish the date of transfer and ownership. This document must be executed by both the donor and the Vice President for Development.

#### 6.1.7.1 IRS Form 8283

IRS Form 8283, *Noncash Charitable Contributions*, is required to be completed when partnerships or individuals claim a noncash charitable contribution deduction in excess of $500 on their respective tax returns or when a corporation claims a charitable deduction for a gift of property when the deduction is in excess of $5,000. However, *Form 8283* is only required to be submitted to the donee organization for signature when the donation is greater than $5,000 and it consists of property other than publicly traded securities. It is the responsibility of the donor to complete all applicable sections of this form except for the Appraiser and Donee Acknowledgment sections. The form must be filed with the entity or individual's tax return for the year the property was contributed and first claimed as a deduction. Once the donor has completed the applicable sections, the form should be submitted to Development Accounting for completion of the Donee Acknowledgement section.

#### 6.1.7.2 IRS Form 8282

IRS Form 8282, *Donee Information Return*, is required to be completed by a donee or successor donee charitable organization that sells or disposes of GIK within three years of the receipt of the donation by the organization. This includes any donated property (other than money or publicly traded securities) if the claimed donation value exceeds $5,000 per item or group of similar items donated by the donor to one or more donee organizations. This is the property listed in Section B on *Form 8283*.

Normally, organizations are required to file *Form 8282* with the IRS and donor within 125 days after the disposition of the property. There are two exceptions to the requirement that organizations file *Form 8282*:

- items valued at $500 or less; the information to determine this comes from Section B, Part II of the donor's original *Form 8283*.
- items distributed or used for the organization's charitable purpose; if the organization used or distributed the item, without receiving consideration in fulfilling the organization's exempt purpose, then no reporting on *Form 8282* is required. IRS instructions give the example of a charity relief organization

distributing medical supplies in assisting disaster relief victims.

#### 6.1.7.3 Oil, Gas, Water, and Mineral Interests

Because of the inherent complexities in gifts of oil, gas, water, and mineral interests, and because the likelihood of AUF's acceptance of these gifts generating Unrelated Business Taxable Income (UBTI), AUF reserves the right to consider proposals for this type of gift on a case-by-case basis.

Three different forms of oil, gas, water, and mineral interests exist:

- Working Interest: owners participate in the mining and production of the resource; owners share costs and profits.
- Overriding Royalty Interest: interest in the gross production of the resource without the reduction for production costs. These interests are carved from working interests and run concurrently with them.
- Net Profits Interest: also carved from and concurrent with the working interest, this is a percentage of the net profits less a proportionate percentage of the net costs. These interests are property interest and not assignments of income.

If a donor transfers a working interest but carves out and retains or gives to another either an overriding royalty interest or a net profits interest, he or she has divided the interest and has not transferred an undivided partial interest. Such a transfer is not considered a charitable gift.

However, if a donor transfers to AUF any of the three interests above, such a transfer is a charitable gift if and only if the donor has not carved it out of a larger interest she or he owns.

The GAC shall review any proposed gifts of oil, gas, water, and mineral interests to provide a recommendation to the Vice President for Development *(see AU/AUF Campaign Counting Guidelines, 6.1.5.1.13, Oil, Gas, Water, and Mineral Interests).*

### 6.1.8 Life Insurance

Realized death benefits received as settlement of a life insurance policy are accepted. An existing or new permanent life policy may be accepted if the donor names AUF, AU, AUM or TUF as both irrevocable owner and beneficiary of the policy.

Donors may make additional gifts to pay the premiums of permanent policies that are either not paid in full or are self paying when the policy is accepted. Outright gifts made to AUF to pay the premium on these policies will be accepted. If the donor makes premium payments directly to the insurance company, a GIK can be accepted when documentation is provided to AUF to demonstrate that the donor is the source of the premium payments. If the donor/insured fails to make a gift of a premium payment to AUF in advance of the premium due date, AUF, as owner, reserves the right to cash the policy or to arrange for the payment of the outstanding premium from internal funds, in close consultation with the school or unit benefiting from the policy and all Stewardship Officers for the donor involved.

A life insurance policy designating AUF as beneficiary will be accepted if the donor provides AUF with (a) a copy of the beneficiary designation or the portion of the beneficiary designation that pertains to AUF, or other documentation showing AUF's interest; and (b) the current statement of value from the insurance carrier or a statement of value signed by the donor or the donor's legal representative. When a donor names AUF as the beneficiary and does not transfer ownership, he or she has made a revocable gift, similar to a bequest in a will. Like a bequest, the gift is an expectancy. A donor may choose to name AUF as either primary or secondary beneficiary. If Auburn is secondary beneficiary, then the expectancy is contingent as it depends on the occurrence of another event.

AUF will not endorse any particular insurance product, company, program, agent, agency, or company, nor will it provide donor lists to any of them.

**Term life policies** are not accepted as they have no current cash value and seldom remain in force until the death of the insured.

**Group life insurance** policies are not accepted as they are owned by the employer.

### 6.1.9 Partnership Interests

A partnership is a type of relationship whereby two or more entities or individuals conduct business for mutual benefit. Partners in the partnership own an interest, and the transferability of their interests is governed by the partnership agreement. Rarely are partnerships traded on a public exchange.

AUF will not accept general partnership interests. Any proposed gifts of *limited* partnership interests must be reviewed by the GAC and approved by the Vice President for Development. Development Officers should contact the Office of Trusts, Estates, and Gift Planning for assistance in preparing documents for the GAC's review.

### 6.1.10 Matching Gifts

Corporations sometimes will match contributions made by employees, retirees, board members, or spouses. Gifts made through donor-advised funds often do not qualify for matching credit. Development staff may want to consult the matching gift company to determine AU's eligibility. Matching gifts cannot be used to fulfill pledges. Anticipated matching gifts should be documented at the time of the donor's pledge, but not considered as part of the donor's personal pledge. Corporations will receive campaign credit for a matched gift at the time of receipt.

### 6.1.11 Real Property

Real property (also referred to as real estate or realty) is land, its natural resources, and any permanent buildings on it. Real property becomes a gift to the institution when a transfer of ownership has taken place. This occurs when the item(s) of property or clear title to the property has been delivered to the institution or the institution's legal agent *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property).* The boards of both AU and AUF have policies outlining the need for care in accepting real estate due to environmental issues. Real estate not accepted for retention and use by AU or AUM should be readily marketable at a price that provides AUF with a return in excess of the costs incurred to accept and dispose of the property. The Auburn University Real Estate Foundation (AUREF) was created to facilitate real property donations. If a donor wishes to donate real property, the property must be accepted consistent with AUREF policies.

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

- The IRS may require an appraisal made on property of a certain value. The donor must provide a copy of an appraisal, obtained at the donor's expense, qualified under the terms of the *Internal Revenue Code and Regulations*.

- It is the policy of AUREF to sell all gifts of real estate (other than property the university wishes to retain) as expeditiously as possible.

- AUREF will attempt to sell the donated real property at a reasonable price in light of current market conditions.

- AUREF may be required to report to the IRS on *Form 8282* any such sale of real property occurring within three years of the date of the gift that may have tax implications for donors. Donors should consult with tax advisors *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.7, Gifts-in-Kind)*.

### 6.1.12 Realized Bequests

A bequest is a gift of cash, property, or other asset made in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of residual of the estate. Bequests may be given as unrestricted gifts or gifts restricted to a purpose or program designated by the donor. Donors also may establish, by bequest, a testamentary charitable remainder trust or unitrust. The bequest can be arranged so as to provide a life income for a designated beneficiary or beneficiaries. If such a gift is made by will, the principal will pass to AUF only after the death of the life income beneficiary or beneficiaries.

### 6.1.13 Donor-Directed and Donor-Advised Funds

Donor-Advised Funds are IRS-approved public charities generally managed by investment companies and community foundations that serve as conduits for gifts. The donor's contribution is made to the fund. The donor reserves the right to suggest which charities should receive the annual income. To determine the correct gift source (individual or organization), the institution must discover whether the gift was made through a Donor-Directed Fund or a Donor-Advised Fund at the community foundation (*see CASE Reporting Standards and*

*Management Guidelines, 4th edition, 2.1.4, Donor-Directed and Donor-Advised Funds*). These funds differ as follows:

- With a **Donor-Directed Fund**, the donor sends an asset to a financial institution or foundation for investment and safekeeping. The assets remain in the name – and under the control of – the donor. The donor contacts the institution and directs it to issue a check in the name of the qualified nonprofit. In this case, the donor making the direction is the legal donor, thus the gift source is an individual.
- With a **Donor-Advised Fund**, the donor sends an asset to a tax-exempt organization (often affiliated with a financial institution or community foundation) as a gift to that entity. The asset then is in the name of and under the control of that entity. The donor then contacts the fund and advises it to make a gift to a qualified organization. In this case, the fund is the legal donor, and the gift source is reported as an organization or foundation.

## 6.2 Deferred (Planned) Gifts

Deferred or planned gifts by definition are gifts whose use is deferred until either the death of all named beneficiaries or for a period of years. Deferred gifts include (6.2.1) Bequests, (6.2.2) Charitable Gift Annuities, (6.2.3) Charitable Lead Trusts, (6.2.4) Charitable Remainder Trusts, (6.2.5) Retained Life Estates, (6.2.6) Transfers of an Undivided Interest in an Asset; and (6.2.7) Retirement Plan Assets.

### 6.2.1 Bequests

Wills and trusts are instruments by which a person may make a disposition of property to take effect after death. These may be altered or revoked at any time during life. These gifts are categorized as revocable.

Donors who list AU, AUM, TUF, or AUF as a beneficiary in their will or living trust will be recognized if the following guidelines are followed:

- The commitment must have a specific amount or percentage of the estate with a credible estimate of the future value of the estate.
- The commitment must be verified by a copy of the will or living trust or the *AUF Bequest Intent Form* from the donor or his/her

attorney stating the commitment and that AUF will be notified of changes. The preferred method of documentation is a copy of the applicable portion of the will or trust.

- The amount of the commitment will be reported at present value. AUF may be either the primary or secondary beneficiary. If the latter, the designation is contingent and will not be counted.

The Office of Trusts, Estates, and Gift Planning will carefully investigate the actual circumstances underlying the estate and be conservative in counting such commitments toward campaign totals. A periodic verification of bequests will be conducted. If any circumstances should make it unlikely that the amount pledged by bequests actually will be realized by the organization, then the commitment may be adjusted according to specific circumstances or not reported at all. GAC will review any adjustments in making a recommendation for action to the Vice President for Development.

### 6.2.2 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 may be deferred. Because the transferred property has a value larger than the value of the annuity, the transaction is in part the purchase of an annuity from the institution and in part a gift to the institution (see *CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.2, Charitable Gift Annuity).* In the case of a **Deferred CGA**, the periodic payments are specified in the contract to begin in a future time period. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by AUF.

The laws of the state in which the donor resides govern gift annuity contracts. Certain states have stringent registration requirements. For gift annuities to be established in states other than Alabama, the specific annuity regulations and requirements for that state first will be reviewed by the Director of Trusts, Estates, and Gift Planning. AUF reserves the right to reject any annuity contract proposal from states where the regulations are deemed overly burdensome or when excessive compliance costs would be required.

The present value is the difference between the amount received and the amount required to fund the purchased annuity. The face amount is the total amount received. The present value must be a minimum of 50 percent of the face value. If an annuity is designated to fund an endowment, the face amount must be a minimum of $50,000. If an annuity is established as an annual or standard CGA, a minimum of $25,000 is required.

### 6.2.3 Charitable Lead Trusts

Charitable Lead Trusts (CLTs) are immediate gifts in trust that pay defined amounts of income to AU, AUM, TUF, or AUF for a specified number of years. The payout is based on the value of the property held in trust for a term of years with the remainder passing back to the individual or to the children or grandchildren of the donor(s). There are two types:

- The principle of a **Grantor CLT** reverts to the donor at the end of the term of years of the trust.
- The principle of a **Non-Grantor CLT** will be given to the donor's designated beneficiary (ies) who generally are the donor's children or grandchildren.

Whether the CLT is a Grantor or Non-Grantor trust there are two CLTs which are used.

- **Charitable Lead Unitrusts (CLUTs)** pay to the institution a fixed percentage of the market value as determined annually.
- **Charitable Lead Annuity Trusts (CLATs)** pay to the institution a fixed-dollar payment annually.

(*see CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.4, Charitable Lead Trust)*

### 6.2.4 Charitable Remainder Trusts

Charitable Remainder Trusts (CRTs) are irrevocable, qualified trusts in which a donor gives cash or assets to the trust, allowing the payment of income to one or more persons for their life/lives or for a term of years. At the end of this time, the trust's assets are given to one or more charities designated by the donor.

- The donor may choose to retain the right to change the remainderman (*i.e.*, a person entitled to the assets of a trust at the end of some specified period or after some event) while the donor is still living. If this is the case, then the CRT is considered a revocable gift even though according to IRS standards it is an irrevocable gift.

- The donor may choose irrevocably to assign away their right to change the remainderman and name AUF as the irrevocable remainderman. If this is the case, the CRT is now irrevocable.

- If AUF creates the CRT and is the trustee, then this right of changing the remainderman is not included in the CRT and the donor cannot request changes, thereby making this CRT irrevocable in all aspects.

Nonetheless, to count the assets in fundraising totals, the charitable remainder beneficiary designation must be irrevocable and verified (*see CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.5, Charitable Remainder Trust*).

There are two basic types of CRTs:

- **Charitable Remainder Unitrusts** (CRUTs) provide to the donor or designee a variable income based on a fixed percentage of the annual value of the trust.

- **Charitable Remainder Annuity Trusts** (CRATs) pay to the donor or designee 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 present value of the remainder interest allowable as a deduction by the Internal Revenue Code.

### 6.2.5 Retained Life Estates

A Retained Life Estate (RLE) is a gift plan defined by federal tax law that allows a donor to donate a home, vacation home, or farm while retaining the right to live in the property for the remainder of the donor's life. When the retained life ends, AU, AUM, TUF, or AUF then can use the property or the proceeds from the sale of the property for the designated purpose. Expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or life beneficiary. All procedures for evaluating proposed gifts or real property, outlined elsewhere in this document, apply to proposed RLEs as well.

#### 6.2.6 Transfers of an Undivided Interest in an Asset

A gift of an Undivided Interest in an Asset will only qualify as a charitable gift if the donor transfers an equal part of each and every substantial interest or right he or she has in the contributed property. Thus, the transfer of an undivided interest in an asset is not a gift if only some, but not all, rights are transferred. Transfers of Undivided Interests in Assets are likely to arise with donations of GIK, notable artwork, and other collections. Because transfers of interest in assets can be extremely complex gifts, they require the prior review of the GAC and approval by the Vice President for Development.

#### 6.2.7 Retirement Plan Assets

IRA's, qualified pension or profit sharing plans, or other retirement plans for which donors make AU, AUM, TUF, or AUF a beneficiary will be accepted if the donor provides AUF with a copy of the beneficiary designation (or the portion of the beneficiary designation that pertains to AUF) or other documentation showing AUF's interest or the donor's intent (i.e., *AUF Donor Intent Form*).

Although outright gifts from retirement plans are not tax-favored under current law, in many cases naming AUF as a beneficiary of a retirement plan is an excellent option for donors. The manner in which AUF is named will depend on the type of plan and the plan administrator. Naming AUF as beneficiary of retirement plan proceeds is not an outright gift but an expectancy, like a bequest in a will. AUF may be primary or secondary beneficiary. If the latter, the designation is contingent.

### 6.3 Pledges

A signed pledge card or written commitment that documents the terms of the pledge is required to record the commitment. Oral pledges will not be reported in campaign totals. On the rare occasion on which special circumstances may warrant making an exception, the Development Officer should write the individual making an oral pledge to document the commitment (including any restrictions the donor has imposed), place a copy of the written commitment in the donor's file, and gain specific written approval from the Vice President for Development.

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. Only in unusual circumstances will a pledge payment schedule exceed five years. The Vice President for Development, upon the recommendation of the GAC, may approve pledges extending beyond five years.

In special cases, however, constituents close to Auburn University may make an oral promise to give a future gift to the institution. If the individual is undecided about the specific purpose of his or her future gift, it may be premature to draft a specific gift agreement. In these cases, it is sufficient for the Vice President for Development to draft a letter to the individual confirming the oral obligation.

## 7.0 Gifts with Associated Benefits

A gift with associated benefits is any gift to AUF in return for which the donor receives associated benefits, including, for example:

- the purchase of tickets to events;
- the purchase of goods or services at auctions;
- the purchase of a table or seat at a dinner;
- memberships in university organizations that exceed the current Internal Revenue Service token exception threshold.

In accordance with IRS regulations, AUF will provide the donor with a receipt for a contribution with a statement as to whether any goods or services (i.e., benefits) were given to the donor in exchange for his or her contribution. A description and good faith estimate of the value of such goods and/or services will be provided. It is the responsibility of schools, departments, or groups sponsoring events to submit to Development Accounting information on the fair market value of such benefits provided, whether or not at a cost to AUF or the sponsoring organization.

**Low Cost Articles:** Goods or services that have “insubstantial value” are considered fully deductible and need not be disclosed *(see IRS inflation adjustments for current guidelines).*

## 8.0 Memorial and Honorary Funds

Memorial and honorary funds are created by a gift or gifts given in memory or in honor of an individual. A memorial or honorary fund may be established as either an endowment or a current fund as determined by the family or the donor. When endowed, these memorial and endowed honorary funds must comply with established endowment minimums.

## 9.0 Gift Agreements

Restricted gifts of $100,000 or greater, and endowments should be documented in a written *AUF Gift Agreement* signed by the donor(s) and the Vice President for Development in his/her role as AUF President. If the pledge is for unrestricted support, a signed pledge card will suffice as the legal document for recording the pledge.

The following are exceptions:

- **Charitable Remainder and Lead Trusts:** If AUF is provided with the original or legible copy of the legal instrument creating charitable remainder and lead trusts, then no additional written gift agreement is needed.
- **Charitable Annuities:** The contract creating a charitable gift annuity suffices in lieu of a written gift agreement.

## 10.0 Special Circumstances

Although the above guidelines will prevail in nearly all instances, the Vice President for Development has the authority to consider exceptions and make decisions related to recognition and reporting of gifts in special circumstances.

## 11.0 Revisions to the Policy Regarding the Acceptance of Gifts

These guidelines have been reviewed and approved by the Auburn University Foundation Board of Directors. Except as otherwise stated within these written guidelines, the Gift Acceptance Committee must approve any exceptions to guideline revisions. The GAC periodically will review these guidelines and make recommendations for revisions to the Vice President for Development. Any changes in these written guidelines require notification to the AUF Board of Directors.

## 12.0 Other References

Various Auburn University policies address the handling and recording of funds received from external sources and provide additional guidance as to the appropriate processing. Such policies include:

- *Collections, Contributions, and Accounts Receivable Policies,* maintained by the Office of Student Financial Services/Office of the Associate Vice President for Business and Finance
- *Contracts and Grants Accounting Policies and Procedures,* maintained by the Contracts and Grants Accounting Department/Office of the Associate Vice President for Business and Finance
- *Policies for Gift Management,* maintained by the Office of Development

- *Policies for Giving – Research and Outreach*, maintained by the Office of Development

**The original version of this policy was reviewed and approved by Auburn University Foundation Board of Directors on March 23, 2013. Subsequent revision dates, when applicable, will appear below.**

**REVISIONS:**

***AU/AUF Policy Regarding Gift Acceptance***

no revisions to date

***Attachment A: Glossary of Definitions and Terms***

no revisions to date

***Attachment B: AU/AUF Campaign Counting Guidelines***

| Date | Section | Revision |
|---|---|---|
| June 30, 2014 | 6.2.1, Bequests | Acknowledgement that, with proper documentation, a second-to-die provision is an acceptable planned gift for campaign counting in Category C, granted it was not counted in a previous campaign. |

# ATTACHMENT A
# GLOSSARY OF DEFINITIONS AND TERMS

The following defines key terms and their usage as they appear in this policy document. Reference to the "university" also includes the supporting foundations of the university – Auburn University Foundation, Tigers Unlimited Foundation, Auburn University Spirit Foundation for Scholarships, Auburn University Real Estate Foundation, and Auburn Research Technology Foundation – unless otherwise noted.

**Alumni:** Individuals who have attended the university. The Auburn Alumni Association defines "Auburn Alumni" as those who completed one quarter or semester at AU. "AUM Alumni" are defined as those who have completed one quarter or one semester at AUM.

**Annual Awards:** Awards made from gifts that donors send periodically to fund scholarships, fellowships, faculty awards, or other needs. In most circumstances, an award agreement or other written documentation from the donor is used to direct expenditures and manage these gifts.

**Annual Giving:** The yearly act of providing either a restricted or unrestricted gift to the university, usually in response to an organized appeal for funds. Typically includes all gifts, all donors, and all purposes that are currently under $25,000. Annual Giving includes the Auburn Annual Fund (direct mail and phone programs managed by Central Development).

**Appraisal:** Valuation of a gift by a qualified independent appraiser. An appraisal is required by tax law for a donor to claim a charitable income tax deduction for gifts-in-kind, real property, or other tangible personal property when the total of such gifts exceeds $5,000 ($10,000 for gifts of closely held stock). In these cases, AUF requires a copy of the donor's appraisal to use for valuation purposes. Whenever a donor does not obtain an appraisal, AUF may obtain an appraisal at its expense if deemed necessary by the Vice President for Development. Under no circumstances may this be provided to the donor for his/her tax purposes, as it violates policy on providing tax advice to donors.

**Appreciated Property:** An asset that has increased in value since purchase or acquisition by a donor. This term is usually applied to the type of property for which a donor may deduct the higher appreciated value for tax purposes, generally capital gain property.

**Appreciated Securities Gift:** A gift of securities with a market value greater than the donor's cost or basis (see *Securities*).

**Bargain Sale:** If a company offers to sell a product to the institution at a "deep discount" or "bargain sale," this does not include "educational/non-profit" discount prices. This does not include discounts to purchases made by the institution on a regular basis and is not uniquely identified as a special reduction to be considered as a donation.

**Bequest:** Assets of personal property such as cash, securities, or other tangible property that a donor leaves to the university at the time of his/her death through a Testamentary Gift.

**Book Value:** The book value of a university-endowed fund is the value of the original gift(s) plus any subsequent gifts and reinvested income (see *Fair Market Value*).

**Campaign:** An organized effort to raise private funds for the university through solicitation of prospective donors and alumni by faculty, staff, and volunteers using personal visits, direct mail, telephone, email, Internet, or a combination of methods for a specific purpose or comprehensive purposes (in a finite period – see *Capital Campaign*).

**Capital Campaign:** A campaign to raise substantial private funds for the university in a finite period to finance major building and equipment projects, supplement building funds, and meet other needs that demand extensive outlays of capital.

**Capital Gains:** The amount of appreciation in excess of the tax basis of capital assets, which includes securities and investment property, real property, and tangible personal property.

**CASE:** The Council for Advancement and Support of Education; a professional association serving educational institutions and the advancement professionals who work on their behalf in alumni relations, communications, development, marketing, and allied areas. CASE helps its members build stronger relationships with their alumni and donors, raise funds for campus projects, produce recruitment materials, market their institutions to prospective students, diversify the profession, and foster public support of education. Auburn University is a member organization, and presents itself as a CASE member institution that adheres to CASE guidelines.

**Case Statement:** The combination of reasons advanced by the university to justify its appeals for support.

**Cash Surrender Value:** The amount of money available to the owner from the life insurance company if the owner surrenders the policy prior to maturity.

**Challenge Gifts:** A substantial gift made on the condition that other gifts must be secured, either on a matching basis or on some other prescribed formula, usually within a specified period, with the objective of stimulating fundraising activity generally.

**Charitable Deduction:** The amount a person may deduct from his/her federal income tax return for a gift to the university or other qualified charity.

**Charitable Gift Annuity:** A charitable gift annuity is a contract (not a *Trust*), under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money to one or two individuals, for their lifetime.

A person who receives payments is called an "annuitant" or "beneficiary." The payments are fixed and unchanged for the term of the contract. A portion of the payments are considered to be a partial tax-free return of the donor's gift, which are spread in equal payments over the life expectancy of the annuitant(s).

At Auburn, charitable gift annuities are invested and the contributed property (the gift), given irrevocably, becomes a part of the charity's assets, and the payments are a general obligation of the charity. The charity's entire assets back the annuity, not just by the property contributed. Annuity payments continue for the life/lives of the annuitant(s) no matter what the investment experience of the gift annuity fund.

Upon the death of the annuitant(s) the remaining funds within the gift annuity are distributed to the university per the direction of either an agreement in the case of an endowment or a letter of intent if the gift is not endowed.

**Charitable Gift Annuity (Deferred):** A contract exactly like a Charitable Gift Annuity in all aspects except it is where the annuitant(s) start(s) receiving payments at a future time, the date chosen by the donor, which must be more than one year after the date of the contribution.

**Charitable Lead Trust:** An irrevocable trust into which the grantor deposits assets, with the income from the investment of these assets going to a designated charity for a certain period. After that time expires, the remainder of the assets and income are given to the trust's beneficiaries.

**Charitable Remainder Annuity Trust (CRAT):** An irrevocable trust that provides for a donor to transfer property to a trustee subject to his or her right to receive a fixed percentage of the initial fair market value of the property for as long as he or she lives. Whatever remains in the trust at the donor's death becomes the property of the university. This annual payment remains the same as the initial payment for the life of the trust.

**Charitable Remainder Unitrust (CRUT):** An irrevocable trust similar to the charitable remainder annuity trust in many ways, except that the distribution is a fixed percentage of the fair market value of the property transferred, revalued at the end of each calendar year. This annual income paid to the beneficiary(ies) changes annually.

**Closely Held Stock:** Privately owned stock that is not publicly traded on an exchange or in the over-the-counter market (see *Securities*).

**Codicil:** An addition or amendment to a person's will.

**Corporate Sponsorship:** Gifts to the university by a corporation or other organization to sponsor activities, events, or projects and result in the donor receiving recognition on campus, at the event, or in accompanying publications. The contribution may be considered "advertising" rather than a gift if the donor promotes competitive pricing or is able to display product information because of the donation. In these cases, the sponsorship is an exchange transaction and not a gift.

Corporations and other organizations often give money to institutions to sponsor activities, events, or projects and in return receive recognition on campus, at the event, or in accompanying publications. Most corporate sponsorship dollars are fully countable; the determining factor is whether the recognition the corporation receives constitutes advertising. The IRS defines "advertising" in this instance as a competitive pricing or product information displayed because of the donation. If the recognition fits this definition of advertising, the sponsorship is an exchange transaction, not a gift. Simple name or logo placement is not advertising according to CASE standards.

**Corporation:** For purposes of reporting to CASE, an organization, business, partnership, or cooperative organized for profit-making purposes, including corporations owned by individuals and families and other closely held companies.

**Corpus:** The amount of principal in a trust, annuity, or fund (e.g., endowed scholarship fund).

**Cultivation:** The process of engaging prospective donors in university activities, people, plans, and needs to the state where they may be solicited for a gift to the university.

**Degreed Alumni:** Individuals who have earned an undergraduate or graduate degree from AU or AUM.

**Deferred Gift:** A gift made to benefit the university sometime in the future according to conditions stated in a contract. It is also referred to as a *Planned Gift*.

**Development:** The process of private fundraising on behalf of the university.

**Donor-Advised Fund (DAF):** A charitable giving vehicle administered by and created for the purpose of managing charitable donations on behalf of an organization, family, or individual. The donor is permitted to advise but not direct payment from the DAF to a charity.

**Donor-Centered Fundraising:** Highly engaged fundraising designed on a customer service model; method for recognizing and stewarding donors that provides a way to retain donors long term; matching donors' philanthropic goals with the university's needs.

**Donor-Directed Fund (DDF):** A fund established for investment and safekeeping in a financial institution to which a donor sends an asset. The donor maintains control of the asset and directs the financial institution to issue gifts to the university, so the gift source and legal donor is the individual donor.

**Donor Purposes:** Purposes for which gifts or grants have been made, as designated by the donors (may be specified on donor pledge, agreement, or correspondence from donor).

**Donor Recognition:** The policy and practice of recognizing the donor's gifts, first through immediate acknowledgement through personal contact by card, letter, note, email, or phone call; and subsequently through donor lists/plaques, personal recognition, recognition societies, etc. (may include official acknowledgement from the university in the form of a receipt of gift).

**DTC Account:** An account with the Depository Trust Company, a clearinghouse for electronic transactions of securities from the donor to the university.

**Endowment Funds:** An endowment fund is one specified by the donor to be held and invested to produce income to be used for a purpose for which a charitable deduction would have been available; this is referred to as a "true endowment fund." Normally, the original principal, or corpus, of the fund remains intact and unspent in perpetuity. Unless specified otherwise by the donor, only the income earned from the fund, including the appreciation in the value of the fund (if permitted by law), can be spent by the university. If the earned income is restricted for a specific purpose by the donor, the income can be used only for that specified purpose. If the income is unrestricted, it can be used for any institutional purpose (also see *Quasi-Endowment Funds*).

**Endowment Spending Policy:** This is a formula where the objective is to preserve the permanency of the university's endowments while continuing to honor the donors' long-term objectives of supporting university programs. A *Tiered Spending Formula* was adopted by Auburn University in spring 2010 (see *Tiered Spending Formula*).

**Expectancy:** Term used to describe the estimated value or approximate value of gifts to be received in the future from a donor's estate.

**Face Value:** The value printed or depicted on a coin, banknote, postage stamp, ticket, stock certificate, life insurance policy, or other financial instrument or document.

**Fair Market Value:** The amount for which an item or property can be sold in the marketplace between a willing buyer and a willing seller, neither of which is under compulsion to buy or sell. The fair market value of a university-endowed fund is the actual value or each endowment fund's share of the endowment pools' investment portfolio at a specific point in time. This value is recalculated monthly (see *Book Value*).

**Feasibility Study:** An objective survey of an organization's fundraising potential that measures the strength of its case for support and the availability of its leaders, workers, and prospective donors. A written report includes the study findings, recommendations, and (when the goal is feasible) a campaign plan, timetable, and budget. The study is usually conducted by an external fundraising counsel.

**Foundation:** Personal and family foundations and other foundations and trusts that are private, tax-exempt entities operated exclusively for charitable purposes. This includes personal and family foundations established and operated as conduits for the charitable donations and community foundations that meet the definition above.

Also a legal categorization of nonprofit organizations that either donate funds and support other organizations or provide funding for its own charitable purposes. There are public and private foundations.

**Funds Held in Trust by Others:** Funds that are neither in the possession of nor under the management of the university, but are held and administered by an external fiscal agent. The university may have certain legally enforceable rights and claims, such as those to income and income expenditures. The value of the funds should be documented by annual trust reports to the university.

**Gift:** A voluntary transfer of cash or property to the university or other qualified charitable organization for which the donor receives no compensation or significant benefit in exchange for the gifts. Gifts are the property of the donee organization, subject to control and management by its board, subject to any donor restrictions or directions agreed to by the board as a condition of acceptance of the gift.

**Gift Agreement:** A university document that describes a mutual agreement between the donor and the university regarding a gift to the university. Its main purpose is to outline the details and use of the gift, including the restrictions, directions, purposes, or intentions of the donor(s); the policies of the university; and the necessary information for accounting by the Office of Development Accounting.

**Gift-in-Kind:** A noncash donation of materials or long-lived assets. Gifts of materials or long-lived assets must be directly related to the mission of the university if retained by the university. GIKs may include gifts of tangible or personal property.

**Gift Range Chart:** A chart of gifts that enables campaign leaders to know, in advance of a campaign, the size and number of gifts that are likely to be needed at each level of giving in order to achieve the campaign goal. The chart focuses the attention of campaign leaders on the sequence of gifts that will be needed.

**Gifts to Income Funds:** Donors may make gifts to income funds to supplement the income earned on the corpus (see *Income Fund*).

**Grant:** An award made on the basis of a proposal that typically sets out a series of conditions, such as specific objectives, a work plan, a timetable, formal financial accounting, and reporting obligations. Grants with detailed terms and conditions should be reviewed and coordinated with the Office of Sponsored Programs.

**Income Fund:** The spendable earnings on a corpus fund.

**Irrevocable:** Something that cannot be canceled or reversed.

**Leadership Gift:** Contributions from members of the Board of Trustees, Auburn University Foundation Board, Alumni Association Board, Steering Committee, National Committee, Constituency Campaign Leaders, President's Cabinet, and Deans. The leaders will be asked to support the campaign during the quiet/leadership phase.

**Major Gift:** A gift of at least $25,000 or property with a fair market value of $25,000 or more (see *Gift*).

**Matching Gift:** A gift to a qualifying charity made by a corporate employer in recognition of a contribution previously made by an employee of that corporation.

**Planned Gift:** Also known as *Deferred Gifts*, planned gifts do not benefit the university until some point in the future. Planned gifts typically fall into two categories: revocable and irrevocable. Revocable gifts are those that are subject to change by the donor (e.g., provisions in a will or other testamentary document). Irrevocable gifts are commitments that cannot be recalled or revoked and are legally enforceable by the university (e.g., charitable gift annuity, pooled income fund, etc.) and generally involve an irrevocable transfer of property to the university or to a third party.

**Pledge:** A commitment by a donor to make a gift to the university within a specified time frame. Pledges normally are signed by the donor and stipulate the amount, purpose, payment period, and any donor restrictions for the gift. The university uses a variety of written pledges, including Memoranda of Agreement, pledge cards, letters, and copies of legal documents such as wills, trusts, and notarized will codicils.

**Pooled Endowment Fund:** Each endowment account of the university, except for separately invested endowment funds, is "pooled" (or combined) with other endowment accounts for investment purposes only. These endowment accounts are participants and own shares in the university-pooled endowment fund. Based on the number of shares owned, each account will share proportionately in the investment results (yield and appreciation) of the pooled endowment fund (see *Separately Invested Endowment Funds*).

**Pooled Income Fund:** A fund similar in nature to a mutual fund whereby donors invest an amount into the fund purchasing shares from which they receive an income for life. Each donor is paid a pro-rata share of the trust earnings. Each donor's portion of the principal becomes the property of the university at the death of the donor. Auburn University does not have a Pooled Income Fund (see *Planned Gift*).

**Present Value:** The value that a gift expected in the future would be worth today. Present value calculates the current worth of a future sum of money or stream of cash flows given a specified rate of return.

**Property:** Real property (real estate) is land, its natural resources, and any permanent buildings on it. Personal property is anything other than real property that is subject to personal ownership. Real or personal property becomes a gift to the institution when a transfer of ownership has taken place.

**Prospect-level Assignment:** A management tool for guiding and tracking the cultivation and solicitation of major gift prospects. This tool details prospective donors and gives appropriate authorization for individuals or teams to contact and solicit those prospects. It is maintained by the Office of Development (see *Prospect Management System*).

**Prospect Management System (PMS):** The system for guiding and tracking the cultivation and solicitation of individuals, corporations, and foundations who may be capable and willing to make major private gifts to the university. The PMS is designed to direct solicitation efforts toward potential donors with the greatest capability while meeting the highest priority needs of the university. Members of the university and its representatives are not authorized to solicit major gifts or contact major gift prospects without coordination with the Vice President for Development through this system (see *Prospect-level Assignment*).

**Quasi-Endowment Funds:** Funds internally designated for a specific purpose or use. Since this is an internal fund designation or restriction, the designation as a quasi-endowment fund may be changed by the AUF Board.

**Quid Pro Quo (QPQ) Gift:** A contribution for which the donor receives in return benefits or "premiums" in the form of goods or services from the university. The benefits received could affect the tax deductibility of the donor's gift. The term quid pro quo is a Latin phrase meaning "something for something" (see *Valuation*).

**Quiet Phase:** Early part of a campaign where Leadership Gifts are secured. Campaign goal is not known to the general public until the quiet phase achieves 60 percent to 75 percent of the anticipated campaign goal. When this point is reached the entire campaign goal is announced and the campaign team is ready for the public phase. This phase usually lasts about two years. Focus is on the large gifts, especially the largest lead gift (also known as "nucleus phase" or "leadership phase").

**Recognition Credit:** The amount assigned to a donor or donor group for purposes of recognition.

**Reinvestment of Earnings:** A few endowments require reinvestment of a certain percent of income or reinvestment of unspent income. The earnings on all “to be endowed” funds are reinvested until the “to be endowed” fund reaches endowment level.

**Revocable:** Something that generally can be canceled or reversed by a donor.

**Securities:** Shares of stock or bonds that may be publicly traded on an exchange or in the over-the-counter market. Gifts of marketable securities are recorded as gifts on the date the donor relinquishes control of the assets in favor of the university and are recorded at the average of the high and low quoted selling prices on that date (or the average of the bid/ask price for certain securities.)

**Solicitation:** Asking for contributions to support the university.

**Stewardship:** The responsible use of a gift as a donor intended, and recognizing and thanking donors in a fashion that will cultivate future giving; appropriate, thoughtful care for both the donor and the donor’s gift; careful and responsible management of a gift, and the continued relationship with the donor.

**Stock Power:** A form that when executed transfers ownership of a security to someone else.

**Suspense Funds:** Account that is used to store short-term funds or securities until a permanent decision is made about their allocation.

**Term Endowment Funds:** Funds that are administered as endowment funds until the expiration of a specific period or event as defined by the donor, following which the corpus of the fund becomes non-endowed. For example, a donor might specify that a gift should be treated like an endowed fund for a specified number of years and then the principal of the fund could be expended for other purposes.

**Testamentary Gift:** A gift made through a will (see *Bequest*).

**Tiered Spending Formula:** The Tiered Spending Formula compares the market value of the endowment funds at their market value on December 31 of each year to endowment corpus (historic value) of the fund. The goal of using this formula is to provide the highest payout rate per year from the endowments yet maintain the integrity of the endowments.

**Trust:** A legal device used to set aside money or property of one person for the benefit of one or more persons or organizations.

**Underwater Endowment:** An endowment fund in which the market value of the corpus is less than the book value. Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the university is no longer limited in its ability to spend from “underwater” endowment funds (i.e., those with assets having current values less than when they were given). Under the law, an institution may spend as it deems prudent, subject to donor intent (see *Tiered Spending Formula*)

**Valuation:** The act of estimating or appraising the value of something. Gifts of real and personal property, tangible and intangible, which qualify as a charitable deduction for a donor, are recorded at fair market value. Such gifts to the university with a fair market value of more than $5,000 are normally recorded at values placed on them by qualified independent appraisers. Gifts of $5,000 or less may be recorded and counted at the value placed on the gift by a qualified independent appraiser, declared by the donor (usually with a copy of a bill of sale, invoice, or other documentation showing payment for the asset), or determined by a qualified expert on the faculty or staff of the university whose fundraising totals are not directly affected by the gift.

**Wholly Charitable Trusts Administered by Others:** A trust that is held for the benefit of charity. The principal is invested and the income is distributed to charitable organizations such as the university. All interests in income and principal are irrevocably dedicated to charitable purposes (as opposed to charitable remainder or lead trusts). The fair market value of the assets designated for the benefit of the university is recorded at face value in the year in which the trust is established.

**ATTACHMENT B**

AUBURN UNIVERSITY
FOUNDATION

Auburn University and Affiliated Foundations

# CAMPAIGN COUNTING GUIDELINES

Reviewed and Approved as of

June 30, 2014

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**Note: All references to internal and external supporting documents, guidelines, and policies throughout this publication are current as of the date in the document footer.**

Auburn University and Affiliated Foundations

# CAMPAIGN COUNTING GUIDELINES

## 1.0 Purpose

The Auburn University Foundation (AUF), in light of its mission and responsibilities to maximize private giving to Auburn University (AU), Auburn University Montgomery (AUM), and Tigers Unlimited Foundation (TUF), to qualify at all times as an organization to which deductible contributions may be made pursuant to the Internal Revenue Code, and to operate in a transparent manner, establishes the following *AU/AUF Campaign Counting Guidelines*.

The *AU/AUF Policy Regarding Gift Acceptance* provides guidelines for the acceptance and reporting of gifts for the benefit of AU, AUM, AUF, TUF and, where applicable, the Auburn Spirit Foundation for Scholarships, and the Auburn University Real Estate Foundation (AUREF). Athletic gifts are made to TUF for the benefit of athletic programs. All gifts are recorded on a central database. For further clarification on any item(s), please contact the AU Office of Development.

The *AU/AUF Campaign Counting Guidelines* are established to guide all those involved in soliciting and receiving gifts and pledges in support of AU and AUM and are intended to:

- be straightforward and honest.
- fulfill all legal requirements.
- be fair and sensitive to donors.
- further the vision and mission of Auburn University.

## 2.0 Authority

This policy is written and administered under the direction and authority of the Vice President for Development consistent with the directive of the Auburn University President that all gifts to Auburn University and Auburn University Montgomery, as well as the Tigers Unlimited Foundation, from individuals, corporations, or foundations should be made through the Auburn University Foundation and that all gifts will be processed in accordance with the donor's wishes through the Auburn University Foundation unless a donor-documented request to process directly to Auburn University accompanies the gifts. *(Memorandum from President Jay Gogue, February 11, 2011, regarding Solicitation of Private Gifts for Auburn University from Individuals, Corporations, and Foundations).* Questions about this policy may be directed to the Associate Vice President for Development Operations.

The primary source for these guidelines is the standards and definitions provided by the Council for Advancement and Support of Education (CASE) in its publication *CASE Reporting Standards and Management Guidelines, 4th edition*. CASE generally is accepted as the leading source on gift acceptance and campaign counting policies, providing 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 the CASE standards for counting. As the recognition of gifts is an institutional decision, recognition of donors does not always mirror gift counting. Therefore, variances may occur from one institution to another. Though the CASE reporting standards are the leading source for guidelines on reporting of gifts, it is recognized that in certain instances the guidelines are non-specific. It is the intent of the these guidelines to provide guidance and counting standards in all gift areas as they apply to AU, AUM, TUF, and AUF. In cases in which a gift falls outside the parameters of these guidelines, the gift shall be reviewed by the Gift Acceptance Committee (GAC) for a recommendation to the Vice President for Development. The GAC will include the following voting members: Associate Vice President and Campaign Director; Associate Vice Presidents for Constituent Development; Associate Vice President for Development Operations; Director of Office of Trusts, Estates, and Gift Planning; and Director of Development Accounting. Other individuals may be called upon on an ad hoc, non-voting basis to provide advice and counsel. These might include representatives of university administration such as Associate Vice President for Business and Finance; Assistant Vice President for Facilities; representatives from the Office of the General Counsel; Director of Real Estate; or other appropriate individuals depending upon the specific situation.

AUF will abide by the *Partnership for Philanthropic Planning Guidelines for Reporting and Counting Charitable Gifts*. These guidelines recommend that fundraising campaigns set three separate and complementary goals and report fundraising results in these three categories:

- **Category A: Outright gifts** that are usable or will become usable for institutional purposes during the campaign period (whether one or more years).
- **Category B: Irrevocable deferred gifts** that are committed during the campaign period but usable by the organization at some point after the end of the campaign period.
- **Category C: Revocable gifts** that are solicited and committed or pledged during the campaign period but in which the donor retains the right to change the commitment and/or beneficiary.

## 3.0 Campaign Period

For the purposes of these standards, the “campaign period” refers to the total time encompassed by the active solicitation period for the campaign – including the advance gift phase. The active campaign solicitation period for the current campaign officially began on April 1, 2008, and likely will extend through 2017. All gifts and new gift commitments that meet campaign gift counting and crediting guidelines and are made during this period will be counted toward the campaign goal. Multi-year commitments that are scheduled to be paid within five years shall be counted in full to the campaign. The GAC will review pledges not payable in full within five years from the date of the pledge on a case-by-case basis. Commitments with no written documentation will *not* be counted toward the campaign goal.

## 4.0 Definitions

A gift is defined as a voluntary transfer of assets from an individual or non-governmental organization made without consideration. The donor neither expects nor receives any goods or services from AU, AUM, TUF, or AUF, in consideration of the gift. The following criteria generally identify a gift:

- A gift is motivated by charitable intent.
- Except in the case of charitable lead trusts, a gift is an irrevocable transfer of assets.
- Except in the case of life income payments made to donors or other life income beneficiaries of charitable trusts or annuities, a gift is not subject to an exchange of consideration or other contractual duties between AU, AUM, AUF, and the donor.

For the definition of gifts outlined below, please refer to the Glossary of Gift Definitions and Terms offered as Attachment A to the *AU/AUF Policy Regarding Gift Acceptance.*

**Accounting:** AUF accounts for all gifts in its financial statements in accordance with Financial Standards Accounting Board (FASB) Rules 116 and 117, which require the classification of gifts into three categories:

1. Gifts that are permanently restricted by the donor
2. Gifts that are temporarily restricted by the donor
3. Gifts with no donor-imposed restrictions

These same reporting classifications are recorded in the AUF development database.

Fundraising amounts represented in AUF’s financial statements follow FASB guidelines, which discount the face value of gifts and pledges based on IRS discounting methodologies for determining the present value of future receipts. This is not a measure of fundraising effort but a measure of the present value of a gift.

**Counting and Reporting:** “Counting” and “reporting” are terms used by development offices to track all of the gifts, pledges, and deferred gifts received during a specified period toward a specific fundraising goal. The intent of counting and reporting is to reflect the total impact of fundraising efforts by representing all gifts, pledges, and deferred gifts.

**Campaign Credit:** The term used for the credit amount associated for CASE and Council for the Advancement of Education (CAE) reporting purposes. These guidelines set forth expectations of how gifts will be recorded for the purposes of campaign counting and management.

**Recognition Credit:** For the purposes of campaign management, these guidelines set forth expectations of appropriate ways of recognizing all contributors, even those whose gifts technically fall outside what is appropriately counted according to CASE reporting standards (*see CASE Reporting Standards and Management Guidelines, 4th edition, 7.8, Campaign Recognition).*

## 5.0 Gift Purpose

As noted in the *AU/AUF Policy Regarding Gift Acceptance, 5.0, Gift Purpose and Determination of Date of Gift*, AUF will accept unrestricted gifts and gifts restricted to AU or AUM programs and purposes, provided that:

1. such gifts are consistent with the stated missions of AU, AUM, TUF, or AUF;
2. such gifts do not violate the terms of AUF’s corporate charter or these guidelines; and
3. any restrictions or conditions imposed on the use of such gifts are approved by AU or AUM.

## 6.0 Gift Counting

There are three gift categories with specific types of gifts within each category: (6.1) Outright Gifts, (6.2) Deferred Gifts, and (6.3) Pledges.

### 6.1 Outright Gifts

As noted in the *AU/AUF Policy Regarding Gift Acceptance, 6.1, Outright Gifts*, outright gifts are voluntary irrevocable transfers of items of value to AU, AUM, TUF, or AUF in the form of cash, securities, or other property where no goods or services are expected, implied, or forthcoming by or to 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 designated and receipted, the donor may not retain any further explicit or implicit control over the use of the gift. Outright gifts include (6.1.1) Cash, (6.1.2) Assignments of Income, (6.1.3) Closely Held Securities, (6.1.4) Marketable Securities, (6.1.5) Mutual Funds, (6.1.6) Corporate and Foundation Gifts, (6.1.7) Gifts-in-Kind, (6.1.8) Life Insurance, (6.1.9) Partnership Interests, (6.1.10) Matching Gifts, (6.1.11) Real Property, (6.1.12) Realized Bequests, and (6.1.13) Donor-Directed and Donor Advised Funds.

### 6.1.1 Cash

**Campaign Gift Credit:** Cash gifts will be counted at face value on the date of receipt and reported in Category A. Foreign currencies shall be valued at the exchange rate on the date of receipt *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.1, Cash).*

### 6.1.2 Assignments of Income

**Campaign Gift Credit:** Assignments of Income for services rendered will be counted at the face value of the gift and reported in Category A *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.2, Assignments of Income).* Campaign gift credit will be given to the person making the assignment. This assumes that the organization making the payment will report the payment for services as income to the individual (usually on *IRS Form 1099* in the United States), and the individual would then take a corresponding tax deduction.

If a check is received directly from the third-party organization, and it is documented that it is a payment for a person’s services to that organization, campaign credit will be given as a gift from the person who performed the services, not as a gift from the third party.

If the individual has waived all rights to the payment and has simply suggested that, in lieu of payment, the organization contribute to a charitable cause of the individual’s recommendation, the organization shall receive campaign credit for making the gift and the individual may receive **recognition** credit *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.1, Assignments of Income)*.

### 6.1.3 Closely Held Securities

**Campaign Gift Credit**: When accepted, gifts of privately traded stock that exceed $10,000 in fair market value are reported at the fair market value placed on them by a qualified independent appraiser and reported in Category A *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.3, Closely Held Securities).* 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 may provide AUF with a copy of the *IRS Form 8283* to be forwarded to Development Accounting for processing *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.4, Closely Held Stock).*

When accepted, privately traded stock that is expected to be $10,000 or less will be valued at the per share cash purchase price of the most recent transaction or by another method at the discretion of AUF and reported in Category A. Normally, this transaction is the redemption of the stock by the corporation. If no redemption has occurred during the reporting period, an independent, certified public accountant who maintains the books for that corporation is qualified to value its stock *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.4, Closely Held Stock).*

### 6.1.4 Marketable Securities

Securities that are traded on an exchange or other publicly reported market may be accepted by AU, AUM, TUF, or AUF and receipted and recorded in accordance with AU and AUF policies. 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, AUM, TUF, or AUF. AU, AUM, TUF, or AUF employees and volunteers may not represent to a prospective donor that a particular security will be held for investment.

**Campaign Gift Credit:** Marketable securities will be valued at the average of the high and low quoted selling price on the date on which the donor relinquishes dominion and control of the assets in favor of the institution *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.7, Marketable Securities)*. Sales of the securities occur without regard to expenses associated with the transaction. Marketable securities will be reported in Category A *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 15).*

CASE offers the following guidance for determining the legal date of the gift:

- Stock certificates that are mailed to an institution are considered to be a legal gift as of the date of postmark for the certificate or signature-guaranteed stock power (a certified signature of the owner of the stock signing the stock over to the institution), whichever is later.
- Stock certificates that are sent to an institution via a third-party provider, such as UPS or Federal Express, are considered to be a legal gift as of the date of receipt by the institution.
- Stock certificates registered in the name of the institution are considered to be a legal gift as of the date of registration in the institution's name.
- Stock shares transferred electronically are considered a legal gift as of the date the stock is credited to the account of the recipient institution. While a donor may have instructed his or her broker to initiate a transfer on some earlier date, the fact that the broker delayed that transfer or moved the shares into a temporary holding account does not alter the fact that the institution did not have control of the stock. In addition, until the stock is credited to the institution's account, it is possible for the transfer to be reversed. Therefore, for purposes of these standards, the gift valuation will be based on the date the stock came under the institution's control *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.7, Marketable Securities)*.

### 6.1.5 Mutual Funds

The Office of Trusts, Estates, and Gift Planning will work with AU's Endowment Services Office to determine whether mutual fund shares can be transferred and how they are to be transferred. Note that depending on how the shares are held, the transfer can take from a week to more than three months to complete. Development staff should be mindful of this potential for delay, especially if a donor is attempting to make a year-end gift.

**Campaign Gift Credit:** AU's Endowment Services Office will value the mutual fund shares at the public redemption value, which is the net asset value of the fund on the date of the gift. Net asset value is determined by valuing all securities in the fund at day's end, reducing that value by expenses, and dividing that figure by the number of shares outstanding. This price is published in a variety of publications and on numerous websites daily. Mutual funds will be reported in Category A.

### 6.1.6 Corporate and Foundation Gifts

All multi-year grants and gifts received from private foundations and corporations during the campaign period will be counted at full value. Non-governmental sponsored research grants supporting campaign objectives will be counted at full value.

**Campaign Gift Credit:** If an individual operates a personal or family-owned business or is a participant in a partnership or cooperative, gifts will be distinguished between the donor's business account and those made by the donor's personal account. Checks drawn from a business account will be accounted for as coming from a corporation. However, contributions made by individuals through payroll deduction, which are transmitted to the institution from the individual's employer, will be credited to the individual *(see CASE Reporting Standards and Management Guidelines, 4th edition, 2.2.1, Corporations)*. Corporate and foundation gifts will be reported in Category A.

**Recognition Credit:** For purposes of donor recognition for the 1856 Society and SamfordSociety, when determining the individual's total cumulative giving record, it is appropriate to count both the matching funds given by the donor's firm and other gifts that may be given by or through the donor-owned company or private foundation, if known (including donor-advised, tax-exempt funds with community foundations, brokers, and similar organizations). Matching gifts will not be counted toward fulfillment of outstanding pledges *(see AU/AUF Donor Recognition Guidelines – 1856 Society and Samford Society)*.

### 6.1.7 Gifts-in-Kind

Some gifts may receive both **campaign gift credit** and **recognition credit**. Additionally, some donors may receive only partial campaign credit with the balance as recognition credit.

For all GIKs, especially items such as equipment and software, AUF will report the educational discount value (if one is offered) – that is, the value the institution would have paid had it purchased the item outright from the vendor. Regardless of what estimated value a vendor may place on a GIK, AUF will only count as a gift the amount it would have paid for the item(s) were they not donated *(see CASE Reporting*

*Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind)*. GIKs will be reported in Category A.

#### 6.1.7.1 Campaign Credit

Campaign credit will be provided for the following types of in-kind gifts and reported in Category A:

**6.1.7.1.1 Catering expenses paid by a donor** may be counted if the donor provides the receipts as proof of payment.

**6.1.7.1.2 Services provided by a donor** may not be counted for campaign credit unless the donor bills the institution for the service, accepts payment from the institution, and then makes a cash gift to the institution. The value of a person's or organization's time or service does not qualify as a charitable contribution and is not countable in the campaign, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind)*.

**6.1.7.1.3 Software.** Irrevocable gifts of software with an established retail value, like other GIKs, will count at the educational discount value or the fair market value, as long as the agreement qualifies as a charitable donation under the laws of the appropriate tax authority.

CASE offers the following list to suggest various methods of assessing the countable value of certain components of software contributions (see *CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind*):

- **Value to the institution**. Count only those gifts that serve the mission of the institution.
- **Gift value.** The donor must provide a written confirmation of the dollar value of the gift at the educational discount value. If **no educational value exists**, it must be so stated in the documentation from the donor and the established retail value shall be used. If there is **no established retail price** for the software, no amount can be counted or reported until such a value is determined, such as by a qualified independent appraisal or when the software product is available for purchase on the open market.
- **Revocation of gift.** The donor must irrevocably transfer ownership of the property to the university for the property to be considered a gift. There must be no implicit or explicit state of exchange, purchase of services, or provision of exclusive information. Common examples of software exchanges are the donations of software systems to an institution for specific use in training students in the use of that particular software, wherein the institution is exempted from paying annual license or maintenance fees. Similarly, a software company may offer the use of its product in order to showcase the product to other organizations. While the recipient organization may be able to use the software, ownership of the software is rarely conveyed and the free use of the software programs is generally reviewed for continued use annually.

Therefore, these fall under the IRS definition of "partial interest" (see *IRS Publication 526*) where there is no tax-deductible gift and, therefore, no countable gift *(see Clarification to CASE Reporting Standards on Counting Issues, CASE Commission on Philanthropy, October 17, 2011).*

**6.1.7.1.4** **Art and photographs** will be counted at what the institution would have paid had it purchased the item outright from a vendor or at the fair market value established by an appraisal.

**6.1.7.1.5** **Books, papers, and periodicals** will be counted at what the institution would have paid had it purchased the item outright from the vendor or at the fair market value established by an appraisal.

**6.1.7.1.6** **Products, equipment, and project materials to be used by the institution** will be counted at what the institution would have paid had it purchased the item outright from the vendor or at the fair market value established by an appraisal.

**6.1.7.1.7** **Historical items such as antiques and memorabilia** will be counted at what the institution would have paid had it purchased the item outright from the vendor or at the fair market value established by an appraisal.

**6.1.7.1.8** **Animals** will be counted at what the institution would have paid had it purchased the item outright from the vendor or at the fair market value established by an appraisal.

**6.1.7.1.9** **Deep discounts or bargain sales** occur when a company offers to sell a product to the institution at a “deep discount” or “bargain sale.” The company should provide a bill of sale clearly indicating the retail (or educational/nonprofit discount) price, less the charitable contribution of the discounted amount, and a net cost. The discounted amount will be recorded as a gift-in-kind. If, however, the same discount applies to purchases made by the institution on a regular basis and is not uniquely identified as a special reduction to be considered as a donation, no gift should be counted. Thus, standard discounts afforded to an institution based on the nature of business or because it is considered a major or frequent customer will not be counted as gifts *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind).*

**6.1.7.1.10** **Intellectual property (IP) and patents** will be booked only as the revenue stream, if any, the IP or patent generates is received over time. While permanent donation of intellectual property and patents can be tax-deductible, their value to the qualified recipient organization might be impossible to predict and rarely will equal the deduction a donor might be able to claim. Neither, in fact, may result in any actual or realized value to the organization. A donor’s appraised value should never be used when determining the value an institution uses for counting purposes (*see Clarification to CASE Reporting Standards on Counting Issues, CASE Commission on Philanthropy, October 17, 2011*).

**6.1.7.1.11** **Conservation easements** usually do not count in annual or campaign surveys. Only if revenue is realized should that amount be recognized as a gift. Conservation easements can be accepted as tax-deductible contributions to those institutions having land conservation as a related mission. However, only in rare circumstances does the recipient organization realize revenue from accepting an easement. While conservation of land is a noble endeavor, counting of the appraised value of these easements in fundraising totals artificially inflates those totals. Because an easement cannot be monetized, except in very rare circumstances, it is improper to add its value to fundraising totals even if some programmatic use for it can be found (*see Clarification to CASE Reporting Standards on Counting Issues, CASE Commission on Philanthropy, October 17, 2011*).

6.1.7.1.12 **Auctions and other special events.** Gifts-in-Kind to be sold at auction shall be counted at fair market value based on either information supplied by the donor or, in the absence of such, by AU, AUM, TUF, or AUF. Gifts with fair market values exceeding $5,000 shall be counted at values placed on them by a qualified independent appraiser. If no fair market value for the items is available before the auction, the value is established by the purchaser's winning auction bid at charity auctions run by the institution (*see AU Office of Development Special Fundraising Events Policy*).

6.1.7.1.13 **Oil, gas, water, and mineral interests.** Because of the inherent complexities in gifts of oil, gas, water, and mineral interests and because the likelihood of AUF's acceptance of these gifts generating Unrelated Business Taxable Income (UBTI), AUF reserves the right to consider proposals for this type of gift on a case-by-case basis. The GAC shall review any proposed gifts of oil, gas, water, and mineral interests to provide a recommendation to the Vice President for Development.

Three different forms of oil, gas, water, and mineral interests exist:

- **Working Interest:** owners participate in the mining and production of the resource; owners share costs and profits.
- **Overriding Royalty Interest:** interest in the gross production of the resource without the reduction for production costs. These interests are carved from working interests and run concurrently with them.
- **Net Profits Interest:** Also carved from and concurrent with the working interest, this is a percentage of the net profits less a proportionate percentage of the net costs. These interests are property interest and not assignments of income.

If a donor transfers a working interest, but carves out and retains or gives to another either an overriding royalty interest or a net profits interest, she or he has divided the interest, and has not transferred an undivided partial interest. Such a transfer is not considered a charitable gift.

However, if a donor transfers to AUF any of the three interests above, such a transfer is a charitable gift if and only if the donor has not carved it out of a larger interest she or he owns. the donor has not carved from it a lesser interest.

**Campaign Gift Credit:** Ownership of oil, gas, water, or mineral interests will be counted and reported at the readily determinable face (or fair market) value and reported in Category A. Alternatively, if the fair market value is not known and cannot be readily determined, the asset will be reported in the year the value becomes known. For gifts of royalties from facilities not owned by the institution, amounts received each year will be reported (see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.5, Gifts-in-Kind).

#### 6.1.7.2 Credit Valuation

These non-cash donations that serve to further the mission and purposes of AU or AUM shall be reported at fair market value in Category A if appropriate documentation is available.

GIKs of **$5,000 and less** shall be reported by the value placed upon them by the donor (in writing) or in any one of the following situations when:

- the value is placed on the gift by a qualified independent appraiser. While not necessary for IRS purposes, the donor may nonetheless obtain such an appraisal.
- the value is declared by the donor. The donor should provide either the paid bill of sale or the invoice and a copy of the check or personal credit card statement showing payments. Sales tax should not be included in the gift's value.
- the donor provides documentation with item or product numbers (pictures, if possible) with online quotes of value.
- the donor provides an invoice with item or product numbers and prices.

- the donor provides a written quote from a dealer who sells the product with professional estimated value.

- the value is determined by a qualified expert on the faculty or staff of the university whose fundraising totals are not directly affected by the gift (see *CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property*).

- gifts of personal property are donated to auction at charity fundraising events. While possibly not related directly to the mission of the institution, their conversion to cash results in a mission-related donation. However, these do not constitute a gift for campaign gift credit purposes unless they are purchased at the auction. All property (except partial interest) donated for an auction should be included in real and personal property totals at their fair market value regardless of the value the donor may claim for tax purposes (see *CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property*). Alcohol may not be accepted for sale at auction.

GIKs of **$5,001 or higher** shall be reported by the value placed upon them based on any one of the following situations when:

- the donor provides documentation with item or product numbers (pictures, if possible) with online quotes of value.

- the donor provides an invoice with item or product numbers and prices. The invoice should indicate any educational discount offered.

- the donor provides a written quote from a dealer who sells the product with professional estimated value.

- the value is determined by an independent qualified appraiser. The appraiser must complete the IRS

Form 8283 and the appraisal must be done within 60 days of the date on which the gift was received. Note that it is the donor's responsibility to provide and cover the expenses of the appraisal.

- the value is determined through an insurance appraisal. When the donor is not required to provide an appraisal (i.e., the donor is the originator of the GIK), the institution's appraisal obtained independently for insurance purposes is sufficient.

- the value is determined through an independent value assessment. If the donor does not wish to incur the expense related to an appraisal, AUF may engage a qualified third party to assess the value strictly for internal gift counting purposes.

**6.1.7.3** **Recognition Credit** will be offered for the following types of Gifts-in-Kind:

**6.1.7.3.1** **Services provided by a donor. I**f the donor provides appropriate receipts, invoicing, or documentation and the Vice President for Development and receiving Dean or Unit Head approve, recognition credit may be awarded to the donor; however, such gifts will not be counted toward the campaign. While these gifts are not countable for purposes of reporting to CASE and CAE, or toward the campaign, these donors have nonetheless made a contribution worthy of recognition in donor recognition societies (see *CASE Reporting Standards and Management Guidelines, 4th edition, 7.8, Campaign Recognition*).

**6.1.7.3.2** **Partial interest in a property.** Partial property interest may include such property as office spaces, rental homes, etc. In these cases, if the donor provides appropriate receipts, invoicing, or documentation and the Vice President for Development and receiving Dean or Unit Head approve, recognition credit may be awarded to the donor; however, such gifts will not be counted toward the campaign. While these gifts are not countable for purposes of reporting to CASE and CAE, or toward the campaign, these donors have nonetheless made a contribution worthy of recognition in donor recognition societies (see *CASE Reporting Standards and Management Guidelines, 4th edition, 7.8, Campaign Recognition*).

**GIK Recognition Credit Valuation:** A third-party verification of value or a written verification of the value of the GIK needs to be included. Verification could include the following:

- Online auction or verification services
- Assessment from an independent professional
- Invoice with item or product number and prices
- Written quote from a dealer who sells the product with professional estimated value
- The value determined by a qualified expert on the faculty or staff of the university, but not an individual whose fundraising totals are directly affected by the gift *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property).*
- Any other verification source or documentation approved by the Vice President for Development

### 6.1.8 Life Insurance

Realized death benefits received as settlement of a life insurance policy are counted only if they have previously have not been counted.

#### 6.1.8.1 Policy for which AUF is Beneficiary but not Owner

Policies belonging to donors who designate AU, AUM, TUF, or AUF as beneficiary of their life insurance policies will be counted if the donor provides AUF with (a) a copy of the beneficiary designation or the portion of the beneficiary designation that pertains to AUF, or other documentation showing AUF's interest; and (b) a current statement of value from the insurance carrier or a statement of value signed by the donor or the donor's legal representative. These policies will be counted as a current gift and valued at face value and recorded in Category C (see *Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 18*).

#### 6.1.8.2 Fully Paid-Up Policy

Policies designating AU, AUM, TUF, or AUF as beneficiary and that are fully paid up will be counted as a current gift and valued at face value and reported in Category B (see *Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 18*).

#### 6.1.8.3 Existing, Not Fully Paid-Up Policy

Policies designating AU, AUM, TUF, or AUF as beneficiary and that are not fully paid up will be counted as deferred gifts and valued at the face value and reported in Category C. Policies for those under the age of 22 will not be accepted (see *Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 18*).

#### 6.1.8.4 Realized Death Benefits

The value credited toward a campaign is the insurance company's settlement amount for an insurance policy. If a donor dies during the current campaign but their policy was counted toward a previous campaign, the credited value will be the realized death benefit received during the current campaign minus the credit previously given (see *Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 18*).

#### 6.1.8.5 Realized Term Policy Proceeds

Realized death benefits from term life policies will be counted to the extent they were not counted in a previous campaign. Realized death benefits from term life policies will be counted as a current gift and at face value in Category A.

#### 6.1.8.6 Realized Group Policy Proceeds

Realized death benefits from Group Life Policies will be counted to the extent they were not counted in previous campaigns. Realized death benefits from group life policies will be counted as a current gift and at face value in Category A.

**Recognition Credit for 1856 Society and Samford Society:** For life insurance policies issued after June 1, 2004, recognition will be counted according to actual premium payments made or the cash value (on the transfer of an existing policy). Petrie Society recognizes life insurance policies at the face value *(see AUF Donor Recognition Guidelines – 1856 Society, Samford Society, and Petrie Society).*

### 6.1.9 Partnership Interests

AUF will not accept general partnership interests. Any proposed gifts of *limited* partnership interests must be reviewed by the GAC and approved by the Vice President for Development. Development Officers should contact the Office of Trusts, Estates, and Gift Planning for assistance in preparing documents for the GAC's review.

### 6.1.10 Matching Gifts

Corporations sometimes will match contributions made by employees, retirees, board members, or spouses. Gifts made through donor-advised funds often do not qualify for matching credit *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.10, Matching Gifts).* Pending matches are recorded as an expectancy on the company at the time of the pledge. The donor receives immediate campaign credit for the value of the personal pledge/gift plus the matching gift according to its expectancy.

**Campaign Gift Credit:** Gifts made by businesses that match the voluntary contributions of employees or other participants will be counted as coming from the business or organization that made the payment rather than from the individual whose gift was matched. This is likewise the case for matching gifts made through a company-sponsored foundation. Matching gifts made through other vehicles, such as donor-advised funds or community foundations, will be recorded as coming from those sources *(see CASE Reporting Standards and Management Guidelines, 4th edition, 2.2.1, Corporations)*. Matching gifts will not be recorded against a donor pledge. Matching gifts will be reported in Category A.

**Recognition for 1856 Society and Samford Society:** Corporate or foundation gift recognition will be counted for an individual donor when the donor is part of a matching gift program or the corporation is owned by or the named foundation is affiliated with the donor *(see AUF Donor Recognition Guidelines – 1856 Society and Samford Society)*.

### 6.1.11 Real Property

Real property (also referred to as real estate or realty) is land, its natural resources, and any permanent buildings on it. Real property becomes a gift to the institution when a transfer of ownership has taken place. This occurs when the item(s) of property or clear title to the property has been delivered to the institution or the institution’s legal agent *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property)*. The boards of both AU and AUF have policies outlining the need for care in accepting real estate due to environmental issues. Real estate not accepted for retention and use by AU or AUM should be readily marketable at a price that provides AUF with a return in excess of the costs incurred to accept and dispose of the property. The Auburn University Real Estate Foundation (AUREF) was created to facilitate real property donations. If a donor wishes to donate real property, the property must be accepted consistent with AUREF policies.

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

- The IRS may require an appraisal made on property of a certain value. The donor must provide a copy of an appraisal, obtained at the donor’s expense, qualified under the terms of the *Internal Revenue Code and Regulations*.
- It is the policy of AUREF to sell all gifts of real estate (other than property the university wishes to retain) as expeditiously as possible.

- AUREF will attempt to sell the donated real property at a reasonable price in light of current market conditions. AUREF is required to report to the IRS on *Form 8282* any such sale of real property occurring within three years of the date of the gift that may have tax implications for donors. Donors should consult with tax advisors *(see AU/AUF Policy Regarding Acceptance of Gifts, 6.1.11, Real Property).*

**Campaign Gift Credit:** Gifts of real property that qualify for a charitable deduction will be counted at the appraised value and reported in Category A *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.2.9, Real and Personal Property).*

### 6.1.12 Realized Bequests

Realized bequests will be counted at face value in category A to the extent not previously counted. *(see AU/AUF Policy Regarding Gift Acceptance, 6.1.12, Realized Bequest).*

**Campaign Gift Credit:** A realized bequest will be counted in the current campaign to the extent it exceeds any expectancy previously counted. Realized bequests will be reported in Category A. If a revocable testamentary commitment made during the current campaign and counted in Category C matures during the campaign period, it should be removed from Category C and included as an outright gift in Category A *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 15).*

### 6.1.13 Donor-Directed and Donor-Advised Funds

With a Donor-Directed Fund (DDF), the donor sends an asset to a financial institution or foundation for investment and safekeeping. The assets remain in the name – and under the control of – the donor. The donor contacts the institution and directs it to issue a check in the name of the qualified nonprofit. In this case, the donor making the direction is the legal donor, thus the gift source is an individual.

Donor-Advised Funds are IRS-approved public charities generally managed by investment companies and community foundations that serve as conduits for gifts. The donor's contribution is made to the fund. The donor reserves the right to suggest which charities should receive the annual income. Funds will be counted like any other gift as received. If AUF is entitled to receive a certain percentage of the annual distributions of a DAF, the value of that percentage will be counted as if it were an irrevocable trust administered by others and reported in Category B *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 18).*

**Recognition Credit:** For purposes of donor recognition for the 1856 Society and Samford Society, when determining the individual's total cumulative giving record, it is appropriate to count the matching funds given by the donor's firm and other gifts that may be given by or through the donor-owned company or private foundation, if known (including **donor-advised**, tax-exempt funds with community foundations, brokers, and similar organizations). Matching gifts will not be counted toward fulfillment of outstanding pledges *(see AU/AUF Donor Recognition Guidelines – 1856 Society and Samford Society).*

## 6.2 Deferred (Planned) Gifts

Deferred or planned gifts by definition are gifts whose use is deferred until either the death of all named beneficiaries or for a period of years. Deferred gifts include (6.2.1) Bequests, (6.2.2) Charitable Gift Annuities, (6.2.3) Charitable Lead Trusts, (6.2.4) Charitable Remainder Trusts, (6.2.5) Retained Life Estates, (6.2.6), Transfers of an Undivided Interest in an Asset; and (6.2.7) Retirement Plan Assets.

### 6.2.1 Bequests

Wills and trusts are instruments by which a person may make a disposition of property to take effect after death. These may be altered or revoked at any time during life. These gifts are categorized as revocable.

**Campaign Credit**: All bequests committed during a period of time defined as a "campaign period" shall be counted at face value as long as the gift is not counted in a previous campaign. Bequests will be reported in Category C *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 17).* Bequests can be included in campaign totals if the following guidelines are followed:

- The commitment must have a specific amount or percentage of the estate with a credible estimate of the future value of the estate;
- The commitment must be verified by a copy of the will or living trust or the *AUF Bequest Intent Form* from the donor or his/her

attorney stating the commitment and that AUF will be notified of changes. The preferred method of documentation is a copy of the applicable portion of the will or trust.

- The amount of the commitment will be counted at the face value. AUF may be either the primary or secondary beneficiary. If the latter, the designation is contingent and will not be counted.
- A commitment involving a second-to-die provision may be accepted as long as both parties authorize the *AUF Bequest Intent Form.*

The Office of Trusts, Estates, and Gift Planning will carefully investigate the actual circumstances underlying the estate and be conservative in counting such commitments toward campaign totals. If any circumstances should make it unlikely that the amount pledged by bequests actually will be realized by the organization, then the commitment may be further adjusted according to specific circumstances or not reported at all.

### 6.2.2 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 may be deferred. Because the transferred property has a value larger than the value of the annuity, the transaction is in part the purchase of an annuity from the institution and in part a gift to the institution *(CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.2, Charitable Gift Annuity)*. In the case of a **Deferred CGA**, the periodic payments are specified in the contract to begin in a future time period. Upon the death of the donor (or, if applicable, the other named beneficiary), the balance of the principal is retained by AUF.

**Campaign Credit**: Charitable Gift Annuities for which the remainder is not subject to change or revocation will be counted at face value and reported in Category B. *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 16).*

### 6.2.3 Charitable Lead Trusts

Charitable Lead Trusts (CLTs) are immediate gifts in trust that pay defined amounts of income to AU, AUM, TUF, or AUF for a specified number of years. The payout is based on the value of the property held in trust for a term of years with the remainder passing back to the individual or to the children or grandchildren of the donor(s). There are two types:

- The principle of a **Grantor CLT** reverts to the donor at the end of the term of years of the trust.
- The principle of a **Non-Grantor CLT** will be given to the donor's designated beneficiary (ies) who generally are the donor's children or grandchildren.

Whether the CLT is a Grantor or Non-Grantor trust there are two CLTs which are used.

- **Charitable Lead Unitrusts (CLUTs)** pay to the institution a fixed percentage of the market value as determined annually.
- **Charitable Lead Annuity Trusts (CLATs)** pay to the institution a fixed-dollar payment annually.

(*see CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.4, Charitable Lead Trust)*

**Campaign Credit:** Charitable Lead Trusts are gifts that pay an income over a period of time. These payments should be counted in Category A for amounts received during the campaign period *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 16).*

### 6.2.4 Charitable Remainder Trusts

Charitable Remainder Trusts (CRTs) are irrevocable, qualified trusts in which a donor gives cash or assets to the trust, allowing the payment of income to one or more persons for their life/lives or for a term of years. At the end of this time, the trust's assets are given to one or more charities designated by the donor.

- The donor may choose to retain the right to change the remainderman (*i.e.,* a person entitled to the assets of a trust at the end of some specified period or after some event) while the donor is still living. If this is the case, then the CRT is considered a revocable gift even though according to IRS standards it is an irrevocable gift.

- The donor may choose irrevocably to assign away their right to change the remainderman and name AUF as the irrevocable remainderman. If this is the case, the CRT is now irrevocable.
- If AUF creates the CRT and is the trustee, then this right of changing the remainderman is not included in the CRT and the donor cannot request changes, thereby making this CRT irrevocable in all aspects.

Nonetheless, to count the assets in fundraising totals, the charitable remainder beneficiary designation must be irrevocable and verified (*see CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.5, Charitable Remainder Trust*).

There are two basic types of CRTs:

- **Charitable Remainder Unitrusts** (CRUTs) provide to the donor or designee a variable income based on a fixed percentage of the annual value of the trust.
- **Charitable Remainder Annuity Trusts** (CRATs) pay to the donor or designee 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 present value of the remainder interest allowable as a deduction by the Internal Revenue Code.

**Campaign Credit:** Charitable Remainder Trusts where the remainder is not subject to change or revocation will be counted at face value and reported in Category B *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 16).*

### 6.2.5 Retained Life Estates

Retained Life Estates (RLEs) are gift plans defined by federal tax law that allow a donor to donate a home, vacation home, or farm while retaining the right to live in the property for the remainder of the donor’s life. When the retained life ends, AU, AUM, TUF, or AUF then can use the property or the proceeds from the sale of the property for the designated purpose *(see AU/AUF Policy Regarding Gift Acceptance, 6.2.5, Retained Life Estates).*

**Campaign Credit:** Retained Life Estates will be recorded at face value and reported in Category B *(see Partnership for Philanthropic Planning: Guidelines for Reporting and Counting Charitable Gifts, 2nd edition, page 16).*

### 6.2.6 Transfers of an Undivided Interest in an Asset

A gift of an Undivided Interest in an Asset will only qualify as a charitable gift if the donor transfers an equal part of each and every substantial interest or right he or she has in the contributed property. Thus, the transfer of an Undivided Interest in an Asset is not a gift if only some, but not all, rights are transferred. Transfers of Undivided Interests in an Asset are likely to arise with donations of Gifts-in-Kind, notable artwork, and other collections. Because transfers of interest in assets can be extremely complex gifts, they require the prior review of the GAC and approval by the Vice President for Development.

### 6.2.7 Retirement Plan Assets

Donors who make AU, AUM, TUF, or AUF a beneficiary of their IRA, qualified pension or profit sharing plans, or other retirement plans will be recognized at the face value of any the death benefit in Category C, if the donor provides AUF with a copy of the beneficiary designation (or the portion of the beneficiary designation that pertains to AUF) or other documentation showing AUF's interest or the donor's intent (i.e., *AUF Donor Intent Form*) *(see CASE Reporting Standards and Management Guidelines, 4th edition, 1.3.1, Bequest Expectancies).* All gifts of retirement plan assets realized during the defined duration of the campaign will be counted at full face value in the campaign totals in Category A, to the extent the gift was not counted as a commitment in a previous campaign.

## 6.3 Pledges

A signed pledge card or written commitment that documents the terms of the pledge is required to record the commitment. Oral pledges will not be reported in campaign totals. On the rare occasion when special circumstances may warrant making an exception, the Development Officer should write the individual making an oral pledge to document the commitment, place a copy of the written commitment in the donor's file, and gain specific written approval from the Vice President for Development.

**Pledges of Outright Gifts:** Pledges should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledge payment period, regardless of when the pledge is made, should not exceed five years from the date of the pledge. A pledge received on the last day of the campaign is counted in campaign totals and may be paid over a five-year period *(see AU/AUF Policy Regarding Gift Acceptance, 6.3, Pledges)*.

## 7.0 Transactions Not Counted in the Campaign

The following types of funds should be excluded from campaign report totals:

- Gifts or pledges counted in previous campaigns, outright and deferred, even if realized during the current campaign-reporting period
- Investment earnings on gifts, even if accrued during the current campaign-reporting period and even if required within the terms specified by a donor (The only exception permitted to this exclusion would be interest accumulations counted in guaranteed investment instruments that mature within the time frame of the campaign, such as zero coupon bonds.).
- Earned income, including transfer payments from medical or analogous practice plans
- Surplus income transfers from ticket-based operations, except for any amount equal to that permitted as a charitable deduction by the IRS contract revenues; contributed services, except for those permitted as a charitable deduction by IRS
- Governmental funds and state matching, which will be clearly delineated in any campaign reports
- Advertising revenue
- Alumni association membership fees/dues
- Appraisal costs
- Contract revenues, including sponsored research contracts/services agreements
- Contributed services
- Moneys received as a result of exclusive vendor relationships
- Proceeds from the routine sale of merchandise
- Royalties from affinity agreements (including credit cards)
- Sales tax on the purchase of goods
- Tuition payments

- Gifts directly to social organizations (i.e., sororities and fraternities)

## 8.0 Special Circumstances

None of the reporting and counting policies for AUF are so rigid as to preclude exceptions for special circumstances at the discretion of the Vice President for Development. All exceptions will require written authorization by the Vice President for Development.

## 9.0 Revisions to the Campaign Counting Guidelines

These guidelines have been reviewed and approved by the Auburn University Foundation Board of Directors. Except as otherwise stated within these written guidelines, the Gift Acceptance Committee must approve any exceptions to guideline revisions. The GAC periodically will review these guidelines and make recommendations for revisions to the Vice President for Development. Any changes in these written guidelines require notification to the AUF Board of Directors.

## 10.0 Counting and Reporting Policy for the Campaign for Auburn University

The various agencies and publications that were used to formulate the counting and reporting policy adapted by the Auburn University Foundation are represented below. Any variances in how a certain gift type is counted are noted accordingly.

| Types of Campaign Gifts | AUF Campaign Reports | Partnership on Philanthropic Planning | National Capital Campaign Counting Guidelines | CASE Cumulative Campaign Activity | CAE: Voluntary Support of Education | Financial Accounting Standards Board (FASB) |
|---|---|---|---|---|---|---|
| **GIFTS** | | | | | | |
| Assignments of Income | Yes | Yes | No Specifics[2] | Yes | Yes | Yes |
| Auctions and Other Special Events | Yes | Yes | No Specifics[2] | Yes | Yes | Yes |
| Cash, Checks, and Credit Cards | Yes | Category A | Yes | Yes | Yes | Yes |
| Closely Held Stock | Yes | Category A | Yes | Yes | Yes | Yes |
| Gifts-in-kind | | | | | | |
| ▪ Deep discounts or bargain sales | Yes | Category A | No Specifics[2] | Yes | Yes | Yes |
| ▪ Royalties | Yes | No Specifics | No Specifics[2] | Yes | Yes | Yes |
| ▪ Gifts of gas, oil, and mineral rights | Yes | No Specifics | No Specifics[2] | Yes | Yes | Yes |
| ▪ Software, hardware | Clarification | No Specifics | No Specifics[2] | Yes | Yes | Yes |
| ▪ Maintenance agreements | No | No Specifics | No Specifics[2] | No | No | No |
| Marketable Securities | Yes | Yes | Yes | Yes | Yes | Yes |

| Types of Campaign Gifts | AUF Campaign Reports | Partnership on Philanthropic Planning | National Capital Campaign Counting Guidelines | CASE Cumulative Campaign Activity | CAE: Voluntary Support of Education | Financial Accounting Standards Board (FASB) |
|---|---|---|---|---|---|---|
| Matching Gifts | | | | | | |
| ▪ Claims | No | No Specifics | No Specifics[2] | No | No | No |
| ▪ Gifts | Yes | Yes | No Specifics[2] | Yes | Yes | Yes |
| Real and personal property | Yes | Category A | Yes | Yes | Yes | Yes |
| **PLEDGES/COMMITMENTS** | | | | | | |
| Pledges | Yes (face value) | Category A | Yes (face value) | Yes (face value) | No | Yes |
| Conditional Pledges | Yes (face value) | Category A | No Specifics | Yes (face value) | No | No |
| Statements of Intent | Yes (face value) | No Specifics | No Specifics | No Specifics | No | No |
| **IRREVOCABLE DEFERRED GIFTS** | | | | | | |
| Charitable Gift Annuity | Yes (face value) | Category B | Yes (face value) | Yes (present value) | Yes (present value) | Yes |
| Charitable Remainder Trust | Yes (face value) | Category B | Yes (face value) | Yes (present value) | Yes (present value) | Yes |
| Life Insurance | | | | | | |
| ▪ Paid-up Life Insurance Policies | Yes | Category B | Yes | Yes | Yes | Yes |
| ▪ New Policies (Premium Paying) | Yes | Category C | Yes | Yes | Yes | Yes |
| ▪ Life Insurance where owner retains ownership | Yes | Category C | Yes | No | No | No |
| ▪ Death benefits (realized)[1] | Only if not previously recorded | Category B (less difference in previously record amt.) | Yes (less difference in previously record amt.) | Only if not previously recorded | Only if not previously recorded | Varies |
| Life Estate | Yes (face value) | Category B | Yes (face value) | Yes (present value) | Yes (present value) | Yes |
| Charitable Lead Trust | Yes (Face Value) | Category B | Yes (face value) | Yes | Yes | Yes |
| Realized Bequests | Yes | Category A | Yes | Yes | Yes | Yes |
| Split-Interest Trust | Yes (face value) | Category B | No Specifics[2] | Yes (present value) | Yes (present value) | Yes |
| Wholly Charitable Trusts Administered by Others | Yes (face value) | Yes (face value) | Yes (face value) | Yes (face value) | Yes (face value) | Yes |
| **REVOCABLE DEFERRED GIFTS** | | | | | | |
| Planned Gift Expectancies | Yes (face value) | Yes (face value) | Yes (face value)[3] | No | No | No |
| **OTHER** | | | | | | |
| Private Contracts (exchange transaction) | No | No Specifics | No | No | No | No |
| Government Transactions | No | No Specifics | No | No | No | No |

[1] Dependent on whether the policy was previously recorded.
[2] No specifics, but possibly inferred in the outright gifts section.
[3] Reported at fair market value as long as the donor reaches age 65 by the end of the campaign.

**The original version of this policy was reviewed and approved by the Auburn University Foundation Board of Directors on March 23, 2013. Subsequent revision dates, when applicable, will appear below.**

## REVISIONS:

| Date | Section | Revision |
|---|---|---|
| June 30, 2014 | 6.2.1, Bequests | Acknowledgement that, with proper documentation, a second-to-die provision is an acceptable planned gift for campaign counting in Category C, granted it was not counted in a previous campaign. |