**Soliciting, Accepting, and Processing UPPS No. 03.05.01**

**Gifts and Grants from Private Sources Issue No. 12**

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 **Sr. Reviewer: Director of Gift Compliance**

**POLICY STATEMENT**

*Texas State University is committed to maintaining a systemic and strategic approach to secure private gift funding to maximize philanthropic support.*

**01. SCOPE**

01.01 This document sets forth Texas State University policies and procedures related to soliciting, accepting, and processing gifts and grants from private sources.

01.02 The Division of Research will process proposals for funding external grants from non-philanthropic sources (refer to [UPPS No. 02.02.01](http://www.txstate.edu/effective/upps/upps-02-02-01.html), Applying for Sponsored Programs for more information).

01.03 Solicitations (including web pages) must clearly identify the entity (the university or affiliated organization) to which the donors will make gifts.

01.04 Solicitors may not use Educational and General (E & G) funds for solicitation expenses such as printing and postage unless the gifts solicited are designated directly to the university, rather than to an affiliated organization.

01.05 The Texas State Development Foundation, McCoy College of Business Administration Foundation, Texas State Research Foundation, and the Texas State Alumni Association are separate 501(c)(3) organizations. Where not otherwise specified as part of the memorandum of understanding (MOU) with the university, each of these affiliated organizations will establish their own policies and procedures for soliciting, accepting, and processing gifts and grants from private sources in collaboration with university administration. Affiliated organizations are responsible for reporting gifts and donor information to Advancement Services for recording and reporting.

01.06 A MOU between the majority donor and the university or affiliated organization is required in order to establish a new restricted donation account.

**02. DEFINITIONS AND ABBREVIATIONS**

02.01 The abbreviations below have the meanings indicated:

1. Affiliated Organizations – Texas State University Development Foundation, McCoy College of Business Foundation, Texas State University Research Foundation, and the Texas State University Alumni Association
2. Albert B. Alkek Library and its designated branches – libraries
3. Chief Financial Officer – CFO
4. Division of Research – DoR
5. Executive Vice President for Operations – EXP
6. Gifts-in-Kind – GIK
7. Memorandum(a) of Understanding – MOU
8. Online Giving Program – OGP
9. Provost and Executive Vice President for Academic Affairs – Provost
10. Division of University Advancement – UA
11. Executive Vice President for Operations and CFO
12. Vice President for University Advancement – VPUA

02.02 Benefits – Internal Revenue Service (IRS) regulations require that a charitable organization make a “good faith’’ effort to value the *quid pro quo* benefits a donor receives as a result of a donation and to disclose a description and amount to the donor. The item’s cost is only allowed in determining whether it falls below the limit for “low-cost articles,” as defined by the IRS in [Publication 1771](https://www.irs.gov/pub/irs-pdf/p1771.pdf), and can be disregarded. If the cost is more than the limit set by the IRS, then the donor benefit is valued at its fair market value. See IRS [Publication 561](https://www.irs.gov/pub/irs-pdf/p561.pdf) for additional information on determining fair market value.

02.03 Cash – The university may accept cash gifts in U.S. dollars, checks from individual or organization accounts, credit or debit card transactions, wire transfers, payroll deductions, and cashier’s checks.

02.04 Donor Advised Funds (DAF) – a philanthropic vehicle established at a public charity. It allows donors to make charitable contributions, receive an immediate tax benefit, and then recommend grants from the fund over time.

02.05 Gift – a voluntary contribution of external support by a donor whose primary intent is philanthropic, and who expects nothing significant of economic or tangible value in return beyond what any general member of the public would receive, other than recognition and disposition of the gift in accordance with the donor’s wishes. Benefits that do not void the tax-deductibility of the gift, as described in [IRS Publication 526](https://www.irs.gov/uac/about-publication-526), and indirect benefits such as tax advantages or business or personal goodwill derived from close association with the university and the miscellaneous benefits derived from donor status shall not be deemed to be inconsistent with the classification of support as a gift. Gifts may originate from individuals, partnerships, associations, foundations, or corporations. A grant from a governmental entity is not included in this term.

02.06 Matching Gifts – donations to the university or affiliated organizations that are generated from a corporate giving program in which a company matches donations made by employees to eligible nonprofit organizations or from another philanthropic sources.

02.07 Outright gifts include:

1. gifts of personal property (tangible and intangible);

1. gifts of real property (real estate);
2. GIK (including non-monetary corporate sponsorships);
3. the gift portion of fundraising auctions; and
4. gifts of securities.

02.08 Planned Gifts – A planned gift is a commitment established by a donor during their lifetime, the principal benefits of which are typically not immediately available to the university. It can fall into two categories, irrevocable and revocable. The VPUA, or designee, will maintain records of all known gifts that will accrue to the university in the future. Planned gift vehicles include wills, trusts, life estates, retirement plans, life insurance policies, etc. Planned gift prospects should be referred to the UA office upon identification for proper documentation.

1. Irrevocable gifts given to the university cannot be modified or withdrawn by the donor and generally provide immediate tax benefits and, in some cases, a lifetime income for the donor. Examples of irrevocable gifts include charitable gift annuities, remainder interests in property, and in some cases, charitable remainder trusts.
2. Revocable gifts can be changed or withdrawn at the discretion of the donor and most often become irrevocable upon the death of the donor providing estate tax benefits at that time. Examples of revocable gifts include a will provision, retirement plan designation, or other estate provision (prior to death).

02.09 Private Foundation – a nonprofit organization usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.

02.10 Restricted Gift – gifts that are subject to restrictions imposed by the donor.

**03. GENERAL DIVISIONAL RESPONSIBILITIES**

03.01 Division of UA

a. UA is responsible for soliciting, accepting, and processing all gifts on behalf of the university and affiliated organizations, including those initiated elsewhere in the university. Therefore, UA must know who is giving how much and for what purposes. UA will reconcile its records with university records maintained by FSS in order to prepare monthly reports of gift income to the university.

b. The university and UA will also provide support functions for the Development Foundation. The agreement was approved at The Texas State University System (TSUS) Board of Regents’ November 4, 2003, meeting. The agreement states that the university will provide the Texas State Development Foundation with support staff to receive, receipt, acknowledge, account for, and report gifts of the Development Foundation.

c. The donor and the TSUS Board of Regents must approve, in writing, the transfer of all gifts from the university to affiliated organizations, unless made as an adjustment to fulfill the original donor intent.

d. The use of university staff and resources for soliciting gifts on behalf of an affiliated organization must comply with [Chapter IX of The TSUS Rules and Regulations](https://www.tsus.edu/about-tsus/policies.html).

03.02 All Divisions

1. All divisions will coordinate fundraising from private sources, including philanthropic foundations, with UA and will submit federal and state proposals and grant contract requests to DoR.

b. Additionally, all divisions, departments, and account managers are responsible for forwarding cash gifts received to Advancement Services for deposit. Advancement Services must make all deposits to restricted accounts to ensure the donation is properly handled. Only departments who have received prior approval by the VPUA, or designee, can make departmental deposits. In these circumstances, donor and deposit documentation is required by Advancement Services for recording in the system of record. See Section 05. for policies related to gifts of property other than money.

03.03 Role of the Texas State Development Foundation

a. The role of the Development Foundation is established in [Chapter IX of The TSUS Rules and Regulations, Private Support Organizations](https://www.tsus.edu/about-tsus/policies.html).

b. The Development Foundation’s sole purpose is the support of Texas State. All conditions and understandings are outlined in an agreement dated November 4, 2003.

c. The Development Foundation will accept gifts that establish endowments, capital improvements, and scholarships donated in the form of cash, legacies, gifts-in-kind, capital gifts, securities, gift annuities and real estate, as outlined in the Development Foundation’s policies of acceptance of gifts per the agreement with the TSUS Board of Regents.

d. The Development Foundation can accept and hold real estate donations if it intends to sell the property and deposit the proceeds into a Development Foundation endowment or to generate income for an endowed account.

e. The Development Foundation also accepts gifts directed toward the president’s unrestricted funds and general or non-specific scholarship funds.

f. The Development Foundation may direct donations given for operating, short-term purposes (i.e., wages, travel, rent, utilities) or special projects to the university or pass them into the university.

03.04 Role of the McCoy College of Business Administration Foundation

a. The role of the McCoy College of Business Administration Foundation is established in [Chapter IX of The TSUS Rules and Regulations, Private Support Organizations](https://www.tsus.edu/about-tsus/policies.html).

b. The McCoy College of Business Administration Foundation’s sole purpose is the support for the McCoy College of Business Administration at Texas State. All conditions and understandings are outlined in an agreement dated May 7, 2004.

03.05 Role of the Texas State Alumni Association

a. The role of the Texas State Alumni Association is established in [Chapter IX of The TSUS Rules and Regulations, Private Support Organizations](https://www.tsus.edu/about-tsus/policies.html).

b. The Alumni Association’s purpose is to promote the general welfare and educational interests of the university’s graduates, safeguard university traditions, assist the university in accumulation and maintenance of alumni records, and encourage and raise financial support among alumni for their alma mater. All conditions and understandings are outlined in an MOU dated May 27, 2005, and amended February 20, 2009.

**04. PROCEDURES FOR SOLICITATION OF GIFTS**

04.01 University employees may participate in fundraising for any restricted fund. University faculty and staff members shall notify UA and the appropriate chair, dean, or director of the intent to solicit gifts. Pending solicitation approval by the chair, dean, or director, the VPUA may assign a designee to work with the faculty or staff member on the project. If any benefits will be offered to donors as a *quid pro quo* for their gift, such plans need to be provided to the VPUA designee in advance of solicitation to enable proper receipting. To ensure proper coordination, the VPUA may limit the individuals or organizations to be solicited or make other requests associated with the solicitation.

04.02 Faculty and staff wishing to submit a proposal to an external funding source applying for a grant or contract shall follow proposal submission procedures detailed in [UPPS No. 02.02.01](http://policies.txstate.edu/university-policies/02-02-01.html), Applying for Sponsored Programs. Proposals to private sources may be subject to review and coordination with UA as determined by the VPUA.

04.03 A faculty or staff member who receives unsolicited gift inquiries from a prospective donor will notify their appropriate chair or dean and the VPUA as soon as possible after initial contact.

04.04 University personnel can raise funds and support affiliated organizations as specified in agreements between the affiliated organization and the TSUS Board of Regents.

04.05 To ensure accurate receipting, all solicitations must clearly reflect the fair market value of any *quid pro quo* benefit the donor will receive as a result of the donation and provide the option for the donor to refuse the benefit at the time the gift is made.

04.06 University Advancement Online Giving Program

a. Purpose – The purpose of the UA’s OGP is to increase electronic giving to the university by providing constituents with the ability to make quick, secure, and convenient contributions. The OGP is an electronic payment method for accepting donations to the university and affiliated organizations and is subject to all applicable university policies and procedures, including those for accepting cash donations and electronic security concerns.

b. Electronic Payments – The OGP allows donations via credit or debit card and electronic check transactions. Donors may only use those payment methods accepted by the university on the OGP.

c. Security – Cardholder-related information will not reside on university-maintained software or hardware. Cardholder information is considered sensitive and confidential information. Refer to [UPPS No. 04.01.01](http://policies.txstate.edu/university-policies/04-01-01.html), Security of Texas State Information Resources, for security procedures and requirements.

d. Recipient Accounts – Only endowments, designated funds, or approved operating accounts will receive credit for gifts made through OGP.

e. Card Returns and Refunds – The university will deduct charges the donor disputes or the credit card processing vendor rejects from the university account that originally received the donation. Financial Reporting and Analysis, in conjunction with Advancement Services, has the responsibility to enter corrected transactions into the university’s financial system for returns or refunds.

f. Donor Database – UA is responsible for data entry and reconciliation of gifts made via the OGP into the donor database.

g. Financial System Entry – Advancement Services is responsible for designating the appropriate gift account corresponding to donor intent and initiating the creation of new gift accounts as needed. Student Business Services is responsible for allocating gift funds in the university financial system according to the designations received by Advancement Services. The assistant vice president and Treasurer and Student Business Services shall coordinate with Advancement Services on new stock and wire transfers received to ensure appropriate allocation.

h. Refer to [UPPS No. 03.06.01](http://www.txstate.edu/effective/upps/upps-03-06-01.html), Off-Campus Solicitation by Registered and Chartered Student Organizations for policy on off-campus solicitation by registered student organizations.

**05. PROCEDURES FOR ACCEPTANCE OF GIFTS**

05.01 A completed [Donations Processing form](http://gato-docs.its.txstate.edu/jcr%3A21f10782-03a7-4893-9ec9-4e65b0587210/Donations_Processing_Form_2016.docx) must accompany each donation submitted by the university department reporting the gift within 24 hours of receiving the donation, per [UPPS No. 03.01.05](http://www.txstate.edu/effective/upps/upps-03-01-05.html), University Income Recognition and Associated Cash-Handling Procedures. UA may require additional documentation for gifts that are eligible for a matching grant under the [Texas Research Incentive Program (TRIP)](https://texreg.sos.state.tx.us/public/readtac%24ext.ViewTAC?tac_view=5&ti=19&pt=1&ch=15&sch=A&rl=Y), per the submission process guidelines provided by the Texas Higher Education Coordinating Board and will coordinate the match request submission process within 30 days of the cash deposit related to the TRIP-match opportunity.

05.02 Gifts of Cash

a. Report cash gifts as of the date the university processes them.

b. Credit card, debit card, or electronic check donations are not a gift until the university has received authorization for the charge from the banking institution.

05.03 Gift Acceptance

a. All gifts of real property, regardless of value, are subject to approval by the TSUS Board of Regents, in accordance with [The TSUS Rules and Regulations, Chapter 3, Section 1, Subsection 12](http://gato-docs.its.txstate.edu/jcr%3Acadb6c26-5fbc-4e8d-87df-da945380ffdd/Rules%20Regs%20May%202017.pdf)v.

1. All gifts exceeding $10,000 in value, except cash or securities, shall be subject to approval by the TSUS Board of Regents, in accordance with [The TSUS Rules and Regulations, Chapter 3, Section 1, Subsection 12](https://www.tsus.edu/about-tsus/policies.html).

c. All gifts of $5,000 or greater (including cash, personal property, and intellectual property) will be reported by the university president and the chancellor, who will publicly report to the TSUS Board of Regents, in accordance with [The TSUS Rules and Regulations, Chapter 3, Section 1, Subsection 12](https://www.tsus.edu/about-tsus/policies.html).

1. In rare instances, the president and the TSUS Board of Regents may decline gifts if the gift’s donor or its origin does not reflect the university’s moral and ethical standards.

e. Donors have the right to designate gifts as being given anonymously. Advancement Services will follow the guidelines detailed in [UPPS No. 03.05.02](https://policies.txst.edu/university-policies/03-05-02.html#section.04.04), Use and Release of Constituent Information. Any payment of $10,000 or more in cash will be reported to the IRS.

05.04 GIK contributions of tangible and intangible personal property will only be considered after a thorough review indicates that the property is readily marketable or needed by the university for use in a manner which is related to the mission of the university (e.g., education, research, or a combination thereof).

1. A GIK will be recorded and receipted as a charitable gift in accordance with [IRS Publication 526](https://www.irs.gov/forms-pubs/about-publication-526). The GIK must meet IRS requirements for tax-deductibility; this excludes non-deductible items or services recognized as either a service or a partial interest in property.
2. For a GIK to be recorded, two university forms must be completed and submitted to Advancement Services. Donors must complete the [Gift in Kind Donor form](http://gato-docs.its.txstate.edu/jcr%3A867c6d51-451c-4645-a187-35bfddfe2e79/Gift%20in%20Kind%20Donor%20Form%20Attachment%20%20I.pdf), and the university representative receiving the gift must complete and route a [Gift in Kind Internal Approval form](http://gato-docs.its.txstate.edu/jcr%3Af82b5c7b-89a2-4f4a-b9db-d94d04dbdd9b/Gift-in-Kind%20Internal%20Approval%20Form%20Attachment%20II.pdf).
3. All GIK of $5,000 or more must include an appraisal submitted by the donor. The university will not appraise or assign a value to the gift. For gifts valued in excess of $5,000, the donor will bear the responsibility of acquiring a qualified appraisal accompanied with a completed [IRS Form 8283](https://www.irs.gov/pub/irs-pdf/f8283.pdf). This form must be signed by the donor and routed by Advancement Services to the executive vice president for Operations and CFO for signature. In the case of businesses donating equipment or donations of items not normally appraised, a written fair market assessment by an expert in the field is required but must be approved by the VPUA, or designee.
4. For all gifts of personal property valued at $5,000 or more, a development officer, or other appropriate departmental representatives, will prepare correspondence summarizing the gift and submit it to the VPUA, or designee. At a minimum, the summary shall include the following:
5. a description of the asset;
6. the purpose of the gift;
7. an estimate or appraisal of the gift’s fair market value and marketability;
8. the gift’s intended use by the university and its benefit to the department receiving the asset; and
9. any special arrangements requested by the donor concerning disposition.
10. The VPUA, or designee, will review the material and make the recommendation to accept or reject the proposed gift. The final determination of the VPUA, or designee, shall be communicated to the development officer or other appropriate departmental official by the UA representative, and this individual shall communicate the university decision to the donor in writing.­­
11. Upon approval of the gift, the Office of Materials Management and the Department of Accounting will be notified and receive the documentation associated with the gift.
12. The execution and delivery of the Deed of Gift or other appropriate conveyance acceptable to the university and the delivery of the property, as applicable, will complete the gift. The donor will pay the costs associated with the conveyance and delivery of the gift.

05.05 Gift of Real Property (real estate) are defined as land, its natural resources, and any permanent buildings on it. The VPUA, or designee, in consultation with the executive vice president for Operations and CFO, will consider gifts of real property only after a thorough review of the criteria for acceptance set forth below. Acceptance is based upon:

1. Fair Market Value and Marketability – The VPUA, or designee, must receive, within 60 days of the gift, a qualified appraisal of the fair market value of the property and interest in the property the university would receive if the proposed gift were approved.
2. Potential Environmental Risks – All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I Environmental Site Assessment performed at the donor’s expense. The only permitted exception to this requirement is for residential property that has been solely used for residential purposes for a significant (at least 20 years) period of time. In cases where this exception applies and no environmental assessment is undertaken, the donor or executor must have outside parties complete an environmental checklist prepared by the university and may be required to execute an environmental indemnity agreement.
3. Limitations and Encumbrances – The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens, and other limitations of record must be disclosed. No gift of real estate will be accepted until all mortgages, deeds of trust, liens, and other encumbrances have been discharged, except in very unusual cases where the fair market value or the university’s interest in the property net all encumbrances is substantial.
4. Carrying Costs – The existence and amount of any carrying costs, including property owner’s association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.
5. Title Information – A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, or an attorney’s title opinion must be furnished.
6. The execution and delivery of a deed of gift or other appropriate conveyance will complete the gift. The costs associated with the conveyance and delivery of the gift, including recording fees, and, if deemed necessary, a current survey, title insurance or an attorney’s title opinion will either be paid by the donor or, in some cases, the university.
7. [IRS Form 8283](https://www.irs.gov/pub/irs-pdf/f8283.pdf) must be signed by the donor and routed by Advancement Services with supporting documentation to the executive vice president for Operations and CFO for signature. The IRS will require an appraisal within 60 days of the date of the gift. In the event that the university pays for the appraisal, the university will generate [IRS Form 1099](https://www.irs.gov/pub/irs-pdf/f1099msc.pdf) to the donor. The university cannot pay for the appraisal from educational or general funds.
8. It is university policy to dispose of all gifts of real estate (other than property that fulfills the mission of the university) as expeditiously as possible. The university will attempt to sell at a reasonable price. Advancement Services is responsible for filing [IRS Form 8282](https://www.irs.gov/pub/irs-pdf/f8282.pdf) for gifts of tangible property valued at more than $5,000 that are sold by the university within two years of the date of the gift. Upon the sale of the property, the office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of the net proceeds to the extent known, and distribute it to the VPUA, Advancement Services, and the representative to benefit from the gift. The Development Foundation is responsible for documenting and reporting [IRS Form 8282](https://www.irs.gov/pub/irs-pdf/f8282.pdf) for property gifts received through the Foundation.

05.06 Resale or Auction for Fundraising

1. If a GIK is to be used for resale or auctioned at a fundraiser, the organizing department should follow the GIK guidelines in Section 05.04 for the donor to receive recognition for a charitable contribution. Common items that are not deemed charitable, in accordance with [IRS Publication 526](https://www.irs.gov/pub/irs-pdf/p526.pdf), include:

1) gift cards given by a company, not redeemable for cash;

2) services donated by the service provider; and

3) partial interest in property, such as temporary rights to use a facility or hotel stays donated by the company.

1. For recognition and reporting purposes, each auctioned transaction may offer the opportunity for two different donors to make a charitable donation:

1) The university may record a gift on behalf of the donor of the auctioned item based on the fair market value, if sold; and

2) The university may record a gift on behalf of the individual making the winning bid, valued at the amount in excess of the fair market value, if made known at the time of the auction.

05.07 Gifts of Securities – Securities include publicly-traded stocks, mutual funds, treasury notes, and closely held stock.

1. It is the university’s policy to sell gifts of securities as expeditiously as possible.
2. Stock certificates received will be transferred to a designated broker for immediate sale. For stock certificates registered in the donor’s name, a signed stock power, which allows the stock to be sold by the university, is required.
3. Marketable securities’ value is based upon the average of the high- and low-quoted selling prices (or the average bid or ask in the case of certain securities) on the date the donor relinquished dominion and control of the assets in favor of the university. If the security was not traded on that date, the date of the most recent sale will be used.
4. The value of ‘closely held stock’ (i.e., securities that are not publicly traded) must be established by the donor through an intendant appraisal. Prior to acceptance the VPUA, or designee, will review the proposed gift to make certain there are not restrictions on selling the stock and that there is an available market for it.
5. The following criteria will be used for determining the legal date of a gift of securities:

1) Stock certificates that are mailed to the university are considered to be a legal gift as of the date of postmark for the certificate or signature guaranteed stock power, whichever is later.

2) Stock certificates that are sent to the university via a third-party provider, such as UPS or FedEx, are considered to be legal gifts as of the date of receipt.

3) Stock certificates registered in the name of the university are considered to be a legal gift as of the date of registration in the university’s name.

4) Stock certificates transferred electronically are considered a legal gift as of the date the stock is credited to the account of the university.

05.08 Raffle – In accordance with IRS regulations, the university does not record payments resulting in an opportunity to win a prize (including raffle tickets and door prizes) as tax-deductible gifts.

05.09 Planned Gifts

1. Donors can make deferred gifts by including charitable clauses in a will or trust. Typically, the donor structures the bequest: as a percentage of the total estate; as a specific dollar amount; as a portion of the residual of the estate; or as a particular asset of the estate. In all cases, at least one of the following written confirmations of the bequest or trust provision is required to document the gift:
2. a copy of the cover page, the page containing the relevant gift language, and the signature page from the fully-executed testamentary document;
3. a fully-executed MOU documenting the estate gift;
4. a fully-executed Planned Gift Intention Form or Estate Intention Letter; or
5. a letter from the donor’s attorney that explains the nature of the gift, including the estimated face value, the donor’s intended purpose for the gift, and the current age of the donors.
6. If the donor wishes to add to an existing fund, the Estate Intention Letter or Planned Gift Intention Form will suffice for the gift to be recorded.
7. All donors who make planned gifts that will create a scholarship fund, professorship, chair, or other endowed fund are strongly encouraged to complete a MOU that is signed by the donors, the appropriate university or Development Foundation official, and the appropriate college or program officials.
8. In situations where the donor is reluctant to complete an MOU, the gift officer will work with the donor and their attorney to ensure that the language in the will or trust contains specific instructions that can be easily followed by future administrations. The goal is to ensure that the recipient college or program can carry out the donor’s intent. The gift officer will make every effort to ensure that the language used in the donor’s testamentary document is sufficient. The gift officer may also ask the donor to complete a letter that describes in detail their intentions regarding the gift that will ultimately be received. In such a case, it is recommended that the letter make reference to the original source of the gift (e.g., a CGA contract or will provision). In any case where the donor is unwilling to sign a Gift Agreement, a copy of the statement regarding account administration policies included in the applicable standard Gift Agreement template will be sent to the donor and recorded in the donor’s file.
9. Other Forms of Estate Gifts – these include, an individual retirement account (IRA), charitable gift annuity, deferred gift annuity, charitable remainder unitrust, charitable remainder annuity trust, life insurance, retained life insurance, charitable lead trust, charitable lead unitrust, and charitable lead annuity trust – will require additional gift documentation in order to be recorded according to the Council for Advancement and Support of Education (CASE) reporting standards, and as specified by the VPUA.

05.10 Matching Gifts

1. All matching gift solicitations must be coordinated through Advancement Services to ensure eligibility under university and matching foundation policies.
2. All matching gifts requiring verification must be validated by Advancement Services. The eligible match amount will be based on the gift amount less the value of all *quid pro quo* benefits, in addition to any additional requirements made by the matching entity.
3. As Advancement Services is responsible for receipting the value of *quid pro quo* benefits a donor receives as a result of their donation, matching gifts cannot be used to qualify an individual for additional benefits.
4. Matching gifts cannot be used to pay a pledge made by an individual.
5. Matching gifts will be credited to the same fund as the original gift made by the donor, unless otherwise restricted by the matching entity.

05.11 Donor Advised Funds and Private Foundations

1. Individual donors who give through a donor advised fund or a private foundation receive a tax receipt from the sponsoring organization at the time the gift is made, and therefore will not receive a receipt from the university when that gift is later provided to the university on their behalf. The university may, however, acknowledge the individual donor for recognition and stewardship purposes.
2. Donor advised funds and private foundations cannot pay down personal pledges nor can any individuals associated with the grant recommendation receive, directly or indirectly, a more than incidental benefit, good or service in exchange for the distribution.

05.12 Athletic Seating Related Transactions – Per the Tax Cuts and Jobs Act of 2017, “no charitable deduction shall be allowed for any amount paid to an institution of higher education in exchange for which the payor receives the right to purchase tickets or seating at an athletic event.” Advancement Services will continue to enter athletic seating related transactions in the donor database for recognition society status but will exclude them from gift and donor reports.

05.13 Events – [IRS Publication 526](https://www.irs.gov/pub/irs-pdf/p526.pdf) states that individuals who pay more than the fair market value for the right to attend an event, “can deduct only the amount that is more than the value of the privileges or other benefits you receive.” Donors will receive a receipt and end-of-year statement detailing what they received and what was considered a donation.

**06**. **PROCEDURES FOR ACCEPTING AND ADMINISTERING ENDOWMENT GIFTS**

06.01 This section provides information on regulations, policies, and procedures regarding endowments and describes the files and records on endowments. In addition to standard processing for deposit, record keeping, and acknowledgement, many gifts to the university require specific approval of the president, VPUA, and executive vice president for Operations and CFO. The recognition of an endowment donor may include the naming of a campus facility or space. Regulatory and procedural information on this process is included in [UPPS No. 08.03.01](http://www.txstate.edu/effective/upps/upps-08-03-01.html), Criteria for Namings.

06.02 Endowment Funding Levels – Periodically, the VPUA, provost, and president will review the current list of endowment types and minimum funding levels for each category included in Section 06.03 d. of this policy. This review will include minimum endowment funding levels for chairs, professorships, faculty fellowships, graduate fellowships, presidential scholarships, program support and scholarships, and any other categories deemed appropriate.

06.03 Endowment Types – The university may use gifts (there is a minimum amount for the creation of each endowment) from private individuals, corporations, foundations, associations, and other organizations to establish endowments. A donor may establish an endowment by a one-time gift, a series of gifts, a pledge paid over a period of years, wills, trusts, gifts of appreciated assets, or by a combination of these. The principal of endowment funds remains intact (non-expendable) in perpetuity. The university will invest and distribute the funds to support the donor’s designated purpose. It is the policy of the university to comply with the [Uniform Prudent Management of Institutional Funds Act (UPMIFA)](http://texasprobate.net/articles/prudentinvestorwithcomments.htm) and [Texas Property Code, Chapter 163](http://www.statutes.legis.state.tx.us/Docs/PR/htm/PR.163.htm), in the management of endowment funds.

 The donor may designate that the endowment benefit a specific academic or non-academic department or request that the university president designate an area of need at the institution. The university may name the endowment after its donor or a person the donor wishes to honor.

 Certain terms are used with endowments, and it is important for personnel to understand them. The following definitions come from the [National Association of College and University Business Officers](http://www.nacubo.org/) (NACUBO):

a. Permanent or True Endowment – endowment funds received from a donor with the restriction that the principal be non-expendable.

b. Quasi-Endowments – established by a governing board to function like an endowment fund; however, the governing board may totally expend the fund at any time at its discretion. These funds may originate as gift funds that the donor did not specifically direct for use as an endowment, or funds available to the university from other sources that permit their use as an endowment. This means that the donor of the gift funds did not specifically direct the creation of an endowment. The funds are invested in the same manner as a true endowment with the same payout provisions.

1. An existing permanent endowment may receive a transfer of restricted gifts or other funds if the gift instrument originally creating the permanent endowment so indicated, with the funds subject to the endowment’s provisions. The fund source can never reclaim the funds.

2) Should a department wish to combine the use of a permanent endowment and a quasi-endowment for a single purpose, the VPUA and executive vice president for Operations and CFO shall be consulted. A department may create a quasi-endowment if they wish to dedicate at least $25,000 or more of unrestricted funds to the same purpose as a permanent endowment yet retain the privilege of reclaiming those funds. It must use identical language to describe the purpose of the permanent endowment and the quasi-endowment if they are to serve the same purpose. Payments may be expended from both endowment accounts for the same purpose, and departments shall submit the request to create the quasi-endowment following the procedures outlined under Section 06.03 d.

c. Term Endowment – Term endowment funds initially function exactly like *true* endowment funds. However, after a specific period or event, as defined by the donor, the nature of the principal of the term endowment changes. For example, the donor restricts the gift funds to an endowment benefiting a particular program for 20 years, and after that the university is free to use the funds to purchase general library materials for the campus. The benefiting program would use the annual distributions, invested as with a standard endowment. At the end of 20 years, the university would dissolve the endowment and transfer the principal to an expenditure account to purchase library materials.

d. The policy of the university is to apply these categories and minimum amounts to permanent, quasi, and term endowments. Following are brief descriptions of endowment categories and minimum amounts required for the creation of each.

1. Faculty Support Endowments
2. Distinguished University Chair
3. for outstanding, distinguished, tenured faculty members, and visiting scholars. A national search is required;
4. may supplement state-funded base salary;
5. rewards and enhances research and scholarly efforts;
6. minimum funding: $1,500,000 to $2,000,000 (depending on college) pending president’s approval.
7. Professorship
8. for outstanding, tenured faculty members;
9. may supplement state-funded base salary;

(3) rewards and enhances research and scholarly efforts;

(4) minimum funding: $600,000 to $750,000 (depending on college).

1. Faculty Fellowship
2. for any rank of faculty member;
3. may supplement state-funded base salary;
4. for research and teaching efforts, and for visiting scholars while in residence at the university;

(4) minimum funding: $200,000.

1. Student Support Endowments
2. Graduate Fellowship
3. supports graduate student awards;
4. academic merit may be a consideration;

(3) financial need may be a consideration;

(4) other allowable criteria may be suggested by the donor;

(5) minimum funding: $100,000.

1. Endowed Presidential Scholarships
2. renewable support to undergraduate students beginning in the sophomore year for the following two years;
3. maintain a GPA of 3.25 or higher;
4. financial need may be a consideration;
5. other allowable criteria may be suggested by the donor;

(5) minimum funding: $50,000.

1. Undergraduate Scholarships
2. supports undergraduate student awards or scholarships;
3. academic merit may be a consideration;
4. financial need may be a consideration;
5. other allowable criteria may be suggested by the donor;
6. minimum funding: $25,000.
7. Program Endowment
8. provides operating support for a university program;
9. other allowable criteria may be suggested by the donor;
10. minimum funding: $25,000.
11. Other Endowment Types
12. Lectureships
13. a select position filled by a top scholar who is in residence temporarily, but who typically does not accept a permanent faculty position;
14. a series that will bring Texas State a variety of outstanding individuals with broad experience and expertise whose presentations will have university-wide and interdisciplinary appeal or special interests relevant to a particular school or college;
15. often designated for use at the discretion of a college or school dean, department chair, or unit director;
16. minimum funding: $100,000.
17. Libraries, Teaching, Staff
18. recognize outstanding performance in the classroom, in service to the university, and in research by faculty;

(2) minimum funding: $25,000

06.04 Gift and MOU Received from the Donor

1. A donor may make a gift outright or a combination gift and pledge. The donor should pay the pledge fully within five years of the pledge date, unless otherwise approved by the VPUA. If the donor does not fulfill the pledge within the agreed upon time as stated in the MOU, a university representative may contact the donor to determine the pledge’s legitimacy and then to develop a revised MOU for the donor’s signature. If the university cannot make contact with the donor or the donor’s family members, the university will write off the outstanding portion of the pledge.
2. It is strongly recommended that the donor provide a signed MOU including proscribed language that serves to preserve and protect the gift as a permanent endowment and allows the gift to follow the university’s standard investment policies. The MOU will outline the gift or pledge (including payment schedule) and the endowment’s type, name, and purpose.
3. MOUs should never be prepared on university letterhead.
4. The VPUA shall review all drafted endowment MOUs prior to signature by the donor to ensure the instrument’s acceptability under university policies and procedures. University policies restrict acceptance of gifts for scholarships restricted to certain protected classes, as defined in [UPPS No. 04.04.46](https://policies.txst.edu/university-policies/04-04-46.html), Prohibition of Discrimination.
5. If the university cannot obtain a signed MOU, a letter from the donor, the dean, or the appropriate department chair to the donor outlining the understanding of the donor’s wishes in establishing the endowment will suffice.

06.05 Public Announcement of New Endowment – Public announcement of a new endowment will not occur until the president and the donor officially approve.

06.06 Administration and Stewardship of Endowment Funds

1. With guidance and oversight by an endowment compliance committee appointed by the provost, the Endowment Services Office will work with administrative officers and appropriate staff in the colleges and schools to:
2. assess Texas State’s risks regarding endowment compliance;
3. provide the required reports; and
4. create procedures to bring Texas State into a desirable position with regard to proper expenditure and accountability of endowed funds.
5. In addition to fulfilling the responsibilities detailed in [UPPS No. 03.01.09](http://policies.txstate.edu/university-policies/03-01-09.html), Fiscal Responsibilities of Account Managers at Texas State, endowment account managers are expected to manage endowment funds consistent with the following guidelines:
6. expend available funds and not build up excessive unspent balances:
7. expenditures should be equal to at least 90 percent of available funds from endowed scholarship distributions each year;
8. for endowments that provide program or faculty support, unspent balances should not exceed twice the current year annual distribution amount;
9. not overspend the amount of endowment funds available; and
10. ensure all expenditures are made in accordance with the MOU or other documentation restricting the use of funds disbursed from the endowment.
11. The Endowment Services Office will complete an annual endowment compliance review and will provide a report of findings to academic deans, vice presidents, the provost, and the endowment compliance committee.
12. In the annual endowment compliance review, the Endowment Services Office will document exceptions to the criteria where:
13. the primary donor has approved the accumulation of funds toward a specific goal;
14. an active search is in progress for an endowed chair or professorship, not to exceed two years; and
15. additional exceptions may be considered based on extenuating circumstances, with provost approval.
16. The Endowment Services Office will provide an annual communication to endowment account managers outlining responsibilities listed under [UPPS No. 03.01.09](http://policies.txstate.edu/university-policies/03-01-09.html), Fiscal Responsibilities of Account Managers at Texas State, and this policy and shall serve as a resource for endowment reporting and documentation.
17. The Endowment Services Office will provide an annual financial statement to the primary donor or main contacts designated for all endowments.
18. For endowment accounts with expenditures not in accordance with MOU criteria or in excess of available funds, the provost may require reimbursement from the account manager, per [UPPS No. 03.01.09](http://policies.txstate.edu/university-policies/03-01-09.html), Fiscal Responsibilities of Account Managers at Texas State, or from departmental or college funds.

**07. PROCEDURES FOR PROCESSING ACKNOWLEDGMENT LETTERS**

07.01 The VPUA will generate the following acknowledgment letters and receipts to donors upon the university’s receipt of gifts. Donors will receive:

* 1. all donations required by IRS Publications [526](https://www.irs.gov/pub/irs-pdf/p526.pdf) and [1771](https://www.irs.gov/pub/irs-pdf/p1771.pdf) will receive a receipt for income tax purposes. All pledge payments will be receipted with an end-of-year statement;

b. a letter from the VPUA and the president if the gift’s value equals or exceeds $10,000;

c. a letter from the VPUA or appropriate staff if the gift’s value is between $5,000 to $9,999.99; or

1. a letter from the assistant vice president for Development, or appropriate designee, if the gift’s value is between $500 to $4,999.99.

07.02 In addition to the above, an appropriate person (e.g., program director, chair, dean, etc.) may acknowledge, in writing, gifts restricted to a given department or program, with a copy forwarded to the VPUA.

**08. PUBLICITY**

08.01 The VPUA, in coordination with the faculty or staff contact person, the donor, and university Media Relations, will coordinate all publicity related to gifts. In all cases, the university will follow the donor’s special desires to the extent possible.

**09. REVIEWERS OF THIS UPPS**

09.01 Reviewers of this UPPS include the following:

Position Date

Director, Advancement June 1 E5Y

Services

Associate Vice President for June 1 E5Y

 University Advancement

**10. CERTIFICATION STATEMENT**

This UPPS has been approved by the following individuals in their official capacities and represents Texas State policy and procedure from the date of this document until superseded.

Director of Gift Compliance; senior reviewer of this UPPS

Associate Vice President for University Advancement

Vice President for University Advancement

President