

**GIFT ACCEPTANCE POLICIES  
AND PROCEDURES**

**UA PPS NO. 01.02  
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**1.0 GIFTS-IN-KIND OF TANGIBLE AND INTANGIBLE PERSONAL PROPERTY**

01.01. Tangible personal property is defined as property that can be held physically. Many different items are considered tangible personal property. Examples include:

- A. Furniture
- B. Artwork
- C. Antiques
- D. Jewelry
- E. Coin collections
- F. Equipment
- G. Automobiles
- H. Aircraft
- I. Books
- J. Clothing
- K. Livestock

01.02. Intangible personal property is property that has no intrinsic value; its value results from intangible qualities rather than from specific tangible (physical) factors. Intangible personal property can take the form of:

- A. Copyrighted literary, musical, or artistic composition
- B. Patent, invention, formula, process, design, pattern, or know-how
- C. Trademark, trade name or brand name
- D. Franchise, license, or contract
- E. Method, program, system, procedure, campaign, survey, study, forecast, estimate, customer list, or technical data
- F. Any similar item that has substantial value independent of the services of any individual; i.e., personal papers

**01.03 Criteria for Acceptance of Tangible and Intangible Personal Property**

The VPUA or designee will consider gifts of tangible and intangible personal property only after a thorough review indicates that the property is

- A. Readily marketable; or
- B. Needed by the University for use in a manner which is related to the mission of the University; i.e., education, research or a combination thereof.

#### 01.04 Approval/Acceptance Process

- A. Board of Regent's approval is required for gifts of personal property which exceed \$10,000.
- B. When necessary to comply with donor desires, and when recommended by the President and approved by the Chairman of the Local Committee of the Board of Regents, gifts which exceed \$10,000 in value may be accepted prior to the next Board meeting, but must be reported to the Board at its next regular meeting.
- C. If the gift of personal property exceeds \$10,000 in value, the VPUA or designee will submit the recommendation to the President. With Presidential approval, the VPUA then will prepare a Board Order to obtain approval from the Board of Regents.
- D. For all gifts of personal property, regardless of value, a development officer or other appropriate departmental representative will prepare correspondence summarizing the gift and submit it to the VPUA or designee. At a minimum, the summary shall include the following:
  - 1. Description of asset
  - 2. The purpose of the gift
  - 3. An estimate or appraisal of the gift's fair market value and marketability
  - 4. The gift's intended use by the University and its benefit to the department receiving the asset.
  - 5. Any special arrangements requested by the donor concerning disposition, i.e., price considerations, time duration prior to disposition, potential buyer, recognition, maintenance, storage and security, etc.
- E. The VPUA or designee will review the material presented by the development officer or other appropriate departmental official and make a recommendation as to accept or reject the proposed gift, or if necessary, postpone a decision pending the receipt of additional information. The final determination of the VPUA or designee shall be communicated to the development officer or other appropriate departmental official by the VPUA representative, and this individual shall communicate the University's decision to the donor in writing.
- F. When a gift of tangible or intangible personal property is approved by the VPUA or designee for gifts less than \$10,000 or Board of Regents approval is granted for gifts that exceed \$10,000 in value, the Director of Donor Relations will acknowledge receipt of the gift on behalf of the University, the President, and the Board of Regents, as appropriate. The University will not appraise or assign a value to the gift property.

- G. According to IRS regulations, it is the donor's responsibility to establish a value for the gift. For gifts valued in excess of \$5,000, the donor bears the responsibility to acquire a qualified appraisal accompanied with the completion of IRS Form 8283. This form must be signed by the donor and the VPFS. In the event that the University pays for the appraisal, the University will generate IRS Form 1099 and provide it to the donor. The University cannot pay for the appraisal from educational or general funds.
- H. The Office of Donor Relations is responsible for filing IRS Form 8282 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.
- I. 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.
- J. Upon approval of a processed gift, the Office of Materials Management may be asked to inventory the gift. The VPUA or designee will identify a corresponding University account for charging expenses associated with the gift.
- K. Upon sale of the property, the University office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds to the extent known, and distribute it to the VPUA and the Office of Donor Relations and the representative to benefit from the gift.

## 2.0 GIFTS OF REAL PROPERTY (REAL ESTATE)

02.01 Gifts of real property (also called real estate or realty) are defined as land, its natural resources such as timber, coal, oil, gas and other minerals, and any permanent buildings on it. Examples of real property include:

- A. Residential property
- B. Investment property, such as apartments, office buildings, and shopping centers
- C. Commercial property, such as industrial parks, hotels, and recreational parks
- D. Agricultural land used for the production of livestock or crops

### 02.02. Criteria for the Acceptance of Real Property

- A. The VPUA or designee will consider gifts of real property, both improved and unimproved, including gifts subject to a retained life estate, only after a thorough review of the criteria for acceptance set forth below under the

direction and supervision of the VPUA and Planned Giving Development Officer. Acceptance is based upon:

1. Fair Market Value and Marketability. The VPUA or designee must receive, within 60 days of the gift, a current 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 audit 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 twenty years) period of time. In cases where this exception applies and no environmental audit 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. Even in cases where a Phase I audit is submitted, the University may require that the donor sign 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 owners' 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.
- B. Development Officers or the appropriate University representative will inform the donor that, if the gift is completed, the IRS will require an appraisal within sixty days of the date of the gift. In the event that the University pays for the appraisal, the University will generate IRS Form 1099 to the donor. The University cannot pay for the appraisal from educational or general funds.
- C. Development Officers or the appropriate University representative must understand and communicate to the donor that it is the University's policy to dispose of all gifts of real estate (other than property that fulfills the mission

of the University) as expeditiously as possible. Thus, regardless of the value placed upon the property by the donor's appraisal, the University will attempt to sell at a reasonable price in light of current market conditions, and the donor must realize that any such sale occurring within two years of the date of the gift will be reported to the IRS on Form 8282.

### 02.03 Approval Acceptance Process of Real Property

- A. Board of Regents approval is required for all gifts of real property, regardless of value.
- B. Prior to seeking Board approval, the development officer or other appropriate departmental representative will prepare a summary form and submit it to the VPUA or designee. At a minimum, the summary will include the following:
  - 1. Description of real property
  - 2. The purpose of the gift
  - 3. An appraisal of the property, and, if different, the University's interest in the property's fair market value and marketability
  - 4. Any potential for income and expenses, encumbrances, and carrying costs prior to disposition
  - 5. Any environmental risks or problems revealed by audit or survey
  - 6. The gift's intended use by the University and its benefit to the department receiving the asset.
  - 7. Any special arrangements requested by the donor concerning disposition, i.e., price considerations, time duration prior to disposition, potential buyer, recognition, etc.
- C. The VPUA or designee will review the material presented by the development officer or other appropriate departmental official and make a recommendation to accept or reject the gift or real property, or if necessary, postpone the committee's decision pending the receipt of additional information.
- D. If accepted by the VPUA or designee, the VPUA is responsible for creating and submitting a Board Order that includes the recommendation with supporting documentation.
- E. The final determination shall be communicated to the development officer or other appropriate departmental official by the VPUA or designee, and shall communicate the University's decision to the donor in writing, along with any conditions imposed by the Board of Regents, President, or VPUA or designee prior to acceptance.
- F. When the gift of real property is approved, the Development Officer will notify the Director of Donor Relations that the property has been properly recorded in the local registry of deeds.

- G. 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 by the Development Officer, a current survey, title insurance or an attorney's title opinion, will be either paid by the donor or in some cases, the University.
- H. IRS Form 8283 must be signed by the donor and the University. In the event that the University pays for the appraisal, the University will generate IRS Form 1099 to the donor. The University cannot pay for the appraisal from educational or general funds.
- I. The sale of real property gifts is the responsibility of the VPUA or designee.
- J. Until the property is sold or otherwise disposed of, the VPUA or designee will prepare quarterly status reports and distribute them to the designated representative of the department that will benefit from the gift.
- K. Upon sale of the property, the VPUA or designee will prepare a final report on the property, including a financial summary of net proceeds, for the review by the Director of Donor Relations and the designated representative of the department benefiting from the gift.
- L. The Office of Donor Relations is responsible for filing IRS Form 8282 for gifts of real property sold by the University within two years of the date of the gift.
  - 1. When a prospective donor indicates he or she wishes to donate a GIK to the University, a "GIK Donor Information Packet" should be provided to the donor from the department that is to receive the gift. This includes:
    - a. A letter to the prospective donor (Attachment I)
    - b. A donor "GIK form" to be completed by the donor (Attachment II)
  - 2. The donor will be asked to return the completed form to the department receiving the donation.
  - 3. If the department that is to receive the gift has an interest or a need for the gift, they will then complete the GIK report form (Attachment III).
  - 4. The department will then mail the GIK form to the Donor Relations Office for review. The VPUA or designee will sign the form and return it to the department receiving the gift.
  - 5. The gift can be formally accepted by the University only after steps 1 through 4 are completed.

6. After receiving the gift, all completed forms should be sent to the Donor Relations Office for processing, along with a memo from the department stating the date on which the gift was received.
  7. A “thank you” letter will be sent to the donor from the VPUA or designee.
  8. If a donor contributes a GIK and does not assign a value to the gift, and the respective University department deems that the gift is of value, the donor should be appropriately acknowledged for the gift by the VPUA or designee.
  9. If items are solicited for resale or auctioning for fundraising purposes, the Gift-In-Kind Auction Donation form (Attachment IV) is to be completed by the donor and forwarded to Donor Relations.
- M. The Office of Donor Relations has the authority to accept gifts-in-kind valued at less than \$1,000, including:
1. Airline tickets
  2. Tickets to athletic events
  3. Postage
  4. Computers
  5. Computer software
  6. Medical equipment
  7. Auction items
  8. Food or other items for hosting dinners or receptions
  9. Hotel accommodations
  10. Cars
- N. For gifts exceeding \$1,000 in value, the VPUA or designee should review the request.
- O. For gifts valued in excess of \$5,000, the donor bears the responsibility to acquire a qualified appraisal accompanied with the completion of IRS Form 8283. This form must be signed by the donor and the University. In the event that the University pays for the appraisal, the University will generate IRS Form 1099 to the donor. The University cannot pay for the appraisal from educational or general funds.
- P. The Office of Donor Relations is responsible for filing IRS Form 8282 for GIK valued at more than \$5,000.
- Q. The execution and delivery of a 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.

- R. Upon approval of a processed gift, the Office of Materials Management may be asked to inventory the gift. The VPUA or designee will identify a corresponding University account for charging expenses associated with the gift.
- S. Upon sale of the property, the University office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds to the extent known, and distribute it to the VPUA, the Office of Donor Relations, and the representative to benefit from the gift.

#### 02.04 Approval Acceptance Process - Gifts of Securities

- A. Securities are among the most popular assets used to make gifts. Securities include publicly traded stocks, mutual funds, Treasury notes, and closely held stock.
  - 1. Development Officers or the appropriate University representative must understand and communicate to the donor that it is the University's policy to sell gifts of securities as expeditiously as possible. Thus, regardless of the value placed upon the property by the donor's appraisal, the University will attempt to sell at a reasonable price in light of current market conditions.
  - 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. Closely Held Stock: Because closely held stock is a security not publicly traded, its value must be established by the donor through an independent appraisal.

Prior to acceptance of closely held stock, the VPUA or designee will review the proposed gift to make certain there are no restrictions on selling the stock and that there is an available market for it. Otherwise, the VPUA or designee must confirm that the nature of the business the University is about to become a partial owner of is consistent with the University's mission, and also whether the arrangement will result in any unanticipated unrelated business income.

- 4. Marketable securities' value is based upon the average of the high and low quoted selling prices on the date the donor relinquished dominion and control of the assets in favor of the University.



5. The criteria used for determining the legal date of a gift of securities is:
  - a. 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.
  - b. 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 by the University.
  - c. 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.
  - d. Stock certificates transferred electronically are considered a legal gift as of the date the stock is credited to the account of the University.

## 02.05 Gifts of Life Insurance

### A. Criteria for Acceptance of Life Insurance

The University will accept gifts of life insurance policies, including whole life, variable and universal life policies, which meet the following six criteria:

1. The policy is fully paid up.
2. If the insurance policy is not fully paid up, the usefulness of the gift will be judged on a case-by-case by the VPUA or designee. An unpaid policy must:
  - a. have a recommended minimum face value of \$50,000.
  - b. have a recommended payment schedule not to exceed five years.
  - c. require a written pledge of a charitable contribution from the donor to the University in a total amount that equals or exceeds the total premiums due, and with pledge payments scheduled so as to equal or exceed each policy premium payment as that payment becomes due. This written pledge also will acknowledge the absolute ownership by the University and the resulting right of the University to cash in the policy and apply the proceeds according to the wishes of the donor.
3. The insurance company must have received a ranking of B+ or better by AM Best.
4. The University is designated as the owner and the beneficiary of the policy. The development officer, in working with the donor, will clarify

the use of the gift by attaching a written memorandum, letter, or endowment agreement to the policy.

5. If intended for endowment purposes, the face value of the policy meets the minimum funding standards for endowments for its stated purpose and in effect at the time of the gift. Since the actual funding of a specified endowment with the proceeds from a life insurance policy takes place following the death of the insured, the minimum funding requirements that are in effect at the time of the insured's death will govern whether there are sufficient death benefits to fund such an endowment for its stated purpose.
6. The development officer, in consultation with the Planned Giving Officer, will prepare a summary form for any proposed gift of a life insurance policy that meets all of the five criteria listed above to be submitted to the VPUA or designee. The summary shall include the following information:
  - a. Name of insurance company.
  - b. Description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured, and other relevant policy information.
  - c. The purpose of the gift and the department, program, or endowment to benefit from the gift.

#### B. Approval/Acceptance Process

- 1) The VPUA or designee will review the material presented and make a determination as to whether to accept or reject the proposed gift, or, if necessary, to impose any terms (e.g., pledge to cover premium payments, revision in payment schedule) as a condition of approval.
- 2) The decision of the VPUA or designee will communicate to the college or Development Officer and will communicate the University's decision in writing to the donor, including any conditions imposed by the VPUA or designee prior to acceptance.
- 3) All copies of correspondence related to the gift shall be provided to the Office of Donor Relations.
- 4) If approved for acceptance by the VPUA or designee, the Director of Donor Relations will acknowledge receipt of the gift on behalf of the University.

- 5) The gift will be completed upon the delivery of the life insurance policy to the University or upon the assignment of the policy, in the event that the University is not the original owner of the policy.
- 6) If the gift of life insurance is greater than \$5,000, IRS Form 8283 must be submitted with a qualified appraisal of the gift.

C. Administration of Life Insurance Policies

- 1) The Office of Donor Relations will administer all gifts of life insurance policies and will maintain records of all donor policies, contribution schedules, donor designations of death benefits, and the like. This office will be responsible for pledge reminders and monitoring payments of premiums.
- 2) The Office of Donor Relations shall be responsible for annually confirming the existence and cash value of all policies in force and for collecting and distributing death benefits. Upon receipt of death benefits, the Office of Donor Relations will provide notice to the department, program, or endowment to benefit from the gift.
- 3) Policies abandoned by the donor will be reviewed on a case-by-case basis by the VPUA or designee to determine if it is in the best interest of the University to cash in or assume policy premium payments.

D. Exceptions to this policy must be approved in writing by the VPUA or designee.

03. PROCEDURE FOR PROCESSING OF GIFTS

- 03.01 Gifts of cash to the University received by any faculty or staff member will be forwarded immediately to the Office of Donor Relations, together with written restrictions from the donor (if any). The Office of Donor Relations will process the gift in accordance with procedures agreed upon between them.
- 03.02 Gifts of cash to the Foundation received by any faculty or staff member will be forwarded immediately to the Office for Donor Relations for processing, together with any written restrictions from the donor.
- 03.03 Gifts of property other than cash will be processed in accordance with Section 02 above.

04. PROCEDURE FOR MAINTAINING DEFERRED GIFTS

- 04.01 The VPUA or designee will maintain records on all known gifts that will accrue to the University in the future (wills, trusts, life insurance policies, etc.).

- 04.02 In order to provide the VPFSS and the University Attorney the opportunity to monitor the documents and allow correction of any problems while corrections are still possible, the VPUA or designee will provide these two individuals with copies of all relevant documents received.
- 04.03 It is the responsibility of any faculty or staff member who come into possession of such knowledge to forward the information immediately to the VPUA or designee.
- 04.04 Although deferred gifts of life insurance or bequests may be solicited by any University personnel, upon identification, prospects should be referred to the VPUA office.
- 04.05 With gifts by bequests, life insurance, or other authorized deferred gifts, the donor will be recognized for the total amount the University, Development Foundation, or Support Foundation is going to receive at the death of the donor. Donors of deferred gifts are recognized by membership in the Guardian Club.
- 04.06 When deferred gifts become irrevocable and are owned by the University, the Support Foundation, or the Development Foundation, the donor will be recognized for the total amount of the value of the gift and recognized according to UPPS No. 08.03.01 "Criteria for Namings." In the case of insurance, the death benefits can be estimated by the insurance company in determining the actual value of the gift.
- 04.07 In the event a living donor of life insurance is recognized for an estimated amount and dies prematurely before the value of the policy reaches what was estimated and for the amount the donor was recognized, the University has the option to reinvest the death proceeds until the value reaches the amount that was estimated and the donor was recognized, or continue the recognition and use the proceeds immediately.
- 04.08 With the donor's permission, cash values of insurance policies at the discretion of the donor may be withdrawn to fund projects specified and approved by the donor.
- 04.09 If the donor defaults, the University will have the option to either pay the premiums or cash in the policy.
- 04.10 The University is in no way liable or responsible for meeting the donor's request in case of default.
- 04.11 If the donor defaults and the University pays additional premiums, then, upon death of the donor, all such payments and expenditures owed the University will be paid back from the death benefits.

04.12 Endowments to be funded by proceeds from life insurance policies cannot be created until actual fund benefits are received by the University. Funds must be held for twelve months prior to payout.

05. FORMS AND ATTACHMENTS

All forms and attachments referred to within this document are available on the University Advancement's website located at: <http://www.ua.txstate.edu/>.

06. REVIEWERS OF THIS PPS

Reviewers of this PPS include the following:

Director of Donor Relations – Senior Reviewer  
Assistant Vice President, University Advancement for Development  
Vice President for University Advancement

07. CERTIFICATION STATEMENT

This PPS 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.

Assistant Vice President, University Advancement for Development  
Vice President for University Advancement