

**Gift Acceptance Policy  
Rochester Institute of Technology**

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**I. Introduction:** It is the purpose, in setting forth guidelines about gift acceptance policy, to provide a basis for understanding the circumstances under which Rochester Institute of Technology (RIT or university) Development staff can negotiate with prospective donors. The primary concern is that the donor's intent be philanthropic and that the university's mission and priorities be served. These policies reflect an agreement between Development and Finance regarding the handling of outright gifts of cash and non-traditional gifts. Exceptions can be made with the concurrence of the two divisions, on a case-by-case basis and approved by the respective vice presidents.

For determining gift eligibility and acceptance guidelines when working with unique deferred instruments and/or noncash gifts, Development and Finance can engage appropriate leaders and members of the university with knowledge of the gift, though, decision of acceptance cannot be made without engaging Development and Finance and Administration senior leaders. In all cases, all documentation associated with valuing the gift will be maintained in the permanent donor file within Development.

**II. Engagement:** The Division of Development and Alumni Relations is the philanthropic fundraising entity for RIT and is managed by the Vice President for Development and Alumni Relations. Fundraising for the National Technical Institute for the Deaf (NTID), one of RIT's colleges, is managed by the President of NTID. The Division of Government and Community Relations is the RIT's public fundraising entity and is managed by the Vice President for Government and Community Relations.

All university faculty and staff are required to work with Development Officers when engaging in philanthropic fundraising or gift acceptance on the university's behalf. This step ensures that gift acceptance is based upon consistent guidelines that enable RIT to make decisions in its best

interest and the donor's. Development staff ensures that philanthropic fundraising activities follow the procedures in the Gift Acceptance Policy and Naming and Endowment Guideline.

**III. Ethical Considerations and Conflict of Interest:** RIT is committed to the highest ethical business practices in fundraising. All donor engagement on behalf of the university will adhere to the *RIT Honor Code* and the *Individual Conflict of Interest and Commitment Policy* found at <http://www.rit.edu/academicaffairs/Manual/sectionA/honorcode.html> and <http://finweb.rit.edu/legalaffairs/docs/ICIPolicy050907.pdf>. To ensure the highest ethical philanthropic practices, the university adheres to the *Donor Bill of Rights* developed by the Association for Fundraising Professionals and other fundraising organizations. The *Donor Bill of Rights* is found at [http://www.afpnet.org/content\\_documents/Donor\\_Bill\\_of\\_Rights.pdf](http://www.afpnet.org/content_documents/Donor_Bill_of_Rights.pdf).

**IV. Legal Counsel:** In all fundraising negotiations, RIT reserves the right to choose outside counsel as needed. At times advice and guidance may be sought from RIT's Office of Legal Affairs, or outside legal counsel, as well as from the Finance and University Relations committees of the Board of Trustees.

**V. Commitment Documentation:** Commitment documentation outlines many philanthropic gifts that are transferred to the university. Commitment documents include Statement of Intent, Memo of Understanding, Letter of Commitment and Internal Guiding Document/Memorandum of Understanding.\* These documents are described below.

- **Statement of Intent:** Used for all new gifts \$50,000 and over; all scholarships and endowed funds and any gift used in conjunction with creating a new university gift fund.
- **Letter of Commitment:** For gifts to existing funds, to document the donor's intent and any special recognition.
- **Internal Guiding Document/Memorandum of Understanding:** Used internally for administering new funds initiated by the university; historical, active funds or funds with no living donors to authenticate donor's intent.

The above documents must include:

- Name of fund
- Name of primary donor(s) and all associated donors along with contact information
- Gift purpose
- Total amount of gift and associated donor amounts
- Payment schedule
- Source of funds (i.e., individual, foundation, corporate, IRA, donor-advised funds, etc.)
- History of gift origination
- Eligibility or donor restrictions relating to gift administration
- Eligibility of additional or matched private/public funds as a result of the initial gift
- Donor's release for public recognition or request for anonymity
- Reference to additional agreements associated with the gift such as naming agreements or recognition plans
- Requirements for new signed agreements in the event original gifts are amended
- University's commitment to the donor toward providing timely and accurate stewardship reports
- Management of gift

*\*In the absence of any type of Commitment Document, gifts can only be transferred to the university accompanied by written documentation of the donor's intent. Realized bequests and certain types of deferred gifts are transferred in accordance with the terms of the Will or other estate planning or deferred gift agreement.*

**VI. Outright Gifts:** Outright gifts are those assets placed immediately in the possession of RIT with the donor retaining no interest in the assets. Depending on donor intent, all gifts are classified as permanently restricted, temporarily restricted or unrestricted. These classifications are further described below.

- **Permanently Restricted:** A donor has placed a permanent restriction on the principal of the gift by directing it to an endowed fund. A gift of this type will be held in perpetuity in compliance with the Uniform Management of Institutional Funds Acts in a specific endowed gift account. A percentage of the earned income will be spent by the university. (See further information on permanently restricted gifts under F. *Gifts Restricted to Endowed Funds.*)
- **Temporarily Restricted:** A donor has placed a restriction on a gift that requires the university to direct the gift toward that use by placing it in a gift account restricted for the purpose.
- **Unrestricted:** A donor has placed no restrictions on a gift and the university may use it at its discretion for operations and budget relief. A gift of this type is placed in the university's unrestricted gift account. When a donor does not restrict or designate his/her gift it is placed in the unrestricted gift account.

Clear evidence of donor intent should be made in writing and maintained in the donor's file where it is easily accessible and can be reproduced if needed. Orally communicated restrictions must be documented and submitted to the donor for approval via his/her signature. To effect a change, the signed document must be received by RIT. All types of gifts are potentially acceptable tender though special circumstances apply to noncash gifts.

#### **A. Accepting Foreign Currency and Foreign Securities**

RIT reserves the right to accept foreign currency and securities on a case-by-case basis. In cases where RIT accepts a gift of foreign currency, the gift will be recorded in U.S. currency based on the closing exchange rate on the day the gift is received. In cases where RIT accepts foreign securities, the policies and procedures applicable to gifts of marketable domestic securities will apply (See *Noncash Gifts: Securities* in this document). In cases where RIT does not accept the foreign currency or securities from the donor, the check/currency or securities will be returned to the donor with proper documentation.

With the exception of endowed accounts, any gain/loss on the exchange of the foreign currency and securities between the day the gift was received and the day the electronic deposit is posted to the university's bank account will be reflected on the general ledger account where the gift was designated. For endowed accounts, the gain/loss is recorded to the investment pool.

The reporting requirements for gifts of foreign currency or from foreign entities are satisfied by Finance and Administration.

#### **B. Gifts Restricted to Non-U.S. Affiliates of RIT**

Gifts to non-U.S. affiliates of RIT will be recorded as a charitable gift and eligible for an official U.S. tax receipt when the designation of the gift is to be expended/used within the U.S., is recorded in an RIT general ledger account and is budget relieving to RIT's operational budget.

Gifts to non-U.S. affiliates for scholarships, buildings or capital purchases are not considered charitable contributions to RIT.

### **C. Gifts Restricted to RIT Agency Affiliates or Student Agency Affiliates**

Gifts to RIT agency or student agency accounts that are self-funding and operate outside of RIT's shelter are not considered gifts to RIT and, thus, are not eligible to receive gift credit from RIT or an official tax receipt. Certain agency accounts are for RIT affiliated groups/programs as determined by the Controller's Office; gifts to these agency accounts may be considered gifts to RIT with the approval of the Controller and Assistant Treasurer. Club memberships or dues are not considered gifts.

Gifts to Greek organizations can be accepted based on IRS approved purposes. These purposes are for scholarships, leadership initiatives, or housing costs such as repairs or enhancements to university-owned houses.

### **D. Gifts Solicited in States Requiring Registrations**

Certain states require registration in order to solicit residents of that state by direct mail or telephone. Development and Alumni Relations, Legal Affairs and Risk Management satisfy the registration requirements in compliance with each state's guidelines.

### **E. Quid Pro Quo Gifts (Goods or Services the Donor Receives in Return for Gifts)**

Quid pro quo gift information is communicated to the donor through the university's official tax receipt which states the fair market value for any goods or services, other than of an insubstantial amount, the donor may have received as a result of a contribution. (See Revenue Procedure 90-12, 1990-1 C.B. 471, Rev. Proc. 90-12, and Revenue Procedure 92-49, 1992-1 C.B. 507 (as adjusted for inflation), Rev. Proc. 92-49.) Additionally, for donor relations purposes communicating the quid pro quo value to donors in the solicitation materials is required. Quid pro quo values for reoccurring fundraising events are reviewed and updated annually. These values are displayed as the quid pro quo value on the donor's tax receipt. Quid pro quo requirements apply to all giving clubs, sponsorships, events, and solicitations.

### **F. Gifts Restricted to Endowed Funds**

The New York Prudent Management of Institutional Funds Act (NYPMIFA), enacted into law on September 17, 2010 by the Governor of New York State, contains important updates and changes to the rules governing the spending of endowment funds. Most significantly, NYPMIFA allows institutions to spend endowment funds below their original dollar amount ("historic dollar value" or "contributed value") if the university's Board of Trustees concludes that such spending is prudent. Under prior law, institutions could not appropriate or spend below the contributed dollar value of an endowment fund without court approval unless the donor permitted such appropriation. NYPMIFA also provides standards for the prudent management and investment of endowment funds. It should be understood that RIT has no present intention to appropriate below the contributed value (i.e., the university plans to continue its current endowment and spending policies). The university classifies as permanently restricted the original value of gifts donated to an endowment fund, the original value of subsequent gifts to an endowment fund and accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument (e.g., bequest, Will, gift agreement or approved solicitation materials distributed by the university) at the time the accumulation was added to the fund.

### **G. Gifts Received Through Donor-advised Funds or Charitable Checking Accounts**

Donor advised funds are established at community organizations or public charities and allow individuals greater flexibility and oversight for charitable giving activities. Donors making gifts to

RIT through donor-advised funds or charitable checking accounts are bound by the restrictions associated with these types of accounts. Receipts are not generated for gifts from donor advised funds or charitable checking accounts; however, acknowledgments are completed as requested by the organizations or charities administering the accounts.

#### **H. Gifts Restricted to Funds or Programs Associated with Giving Clubs or Donor Recognition Societies**

There are currently four philanthropic gift clubs: the Athletic Association, the Blue Line Club, Ellingson Society and Nathaniel Rochester Society. Below is a brief overview of each of these giving clubs. Members of certain giving clubs receive goods and services as a result of their charitable gift. Only if the donor refuses the benefit at the time of solicitation or donation is he/she eligible to claim a 100% deduction. In accordance with IRS guidelines for donor substantiation and to avoid penalties imposed upon RIT, the fair market value of these goods and services (quid pro quo value) are included in the donor's receipts. Gift minimums and quid pro quo values for each of these giving clubs are determined annually.

- **Athletic Association:** This club supports Division I and Division III athletic programs. To qualify as a member, individuals and corporations must make a gift and restrict it to the Athletic Association or one of RIT's sanctioned athletic teams.
- **Blue Line Club:** This club supports the Men's Hockey Team. Members' gifts can be paid in one payment or through pledge installments.
- **Ellingson Society:** This society honors those individuals and families who have informed us of their planned gift that will, in the future, fund RIT's greatest needs and special designated funds.
- **Nathaniel Rochester Society:** This society is RIT's giving society and a special group formed to recognize RIT's most generous individuals.

From time to time, other giving or recognition clubs may be established. Prior to doing so, organizers must engage Development to determine gift eligibility, quid pro quo valuing, donor receipting, and acknowledgments.

#### **I. Matching Gifts**

RIT accepts gifts from individuals that are eligible to be matched by the donor's employer, foundation, or other matching gift agency. When RIT receives a matching gift application, it complies with the matching gift agency policies and completes the requirements in order to receive the match. The company's match follows the donor's gift designation, unless otherwise dictated by the matching gift company. RIT does not apply matches towards a donor's personal pledge.

#### **J. Fundraising Events (raffle, auction, event, etc.)**

Fundraising events present an opportunity to secure philanthropic funds for the university. Fundraisers can be held by non-campus entities or can be held by university divisions, departments and clubs.

For external fundraising events, RIT receives the net proceeds and records the gift as coming from the group or organization. An official tax receipt is issued to the group or organization. For internal fundraisers, the campus organizer must coordinate the activity with Development. Only proceeds received and transacted through Development will be recognized as a fundraiser and gift. The following guidelines exist for internal fundraisers.

- **Raffle:** Raffle tickets are sold for a predetermined fee and the buyer becomes eligible for a chance to win something of value. Buyers are not eligible for a charitable deduction for

the purchase of their raffle ticket (s), per IRS regulations; no portion of a payment made resulting in an opportunity to win a prize may be considered a deductible gift. IRS Form 1099-MISC is issued to winners of raffles in compliance with IRS guidelines.

- **Auction:** Individuals bid on something of value either in person (live auction) or in writing (silent auction) for an opportunity to buy that item if they are the highest bidder. Highest bidders/recipients of auction items are eligible to receive a charitable tax deduction receipt/credit only if their bid exceeds the estimated fair market value of the item, provided the fair market value is publicly displayed. In some cases, the individual/company donating the auction item will also receive a charitable tax credit. The university counts as a gift any amount paid in excess. For example, a logo sweatshirt has a fair market value of \$25, the highest bidder pays \$35; the charitable gift is \$10.
- **Event:** Individuals/groups attend fundraiser events where a fee has been paid to attend (i.e., golf tournament, dance, gala, etc.). The event's organizers are required to determine the quid pro quo value (the fair market value of the dinner, greens fees, etc.) and the donative value (the amount above the fair market value of the good or service a donor receives in return for his/her payment). Both values must be put in writing for the event attendees.

#### **K. Sponsorships**

Corporations and individuals often give money to sponsor activities, events or projects and in return receive public recognition. In most cases, these moneys count as gifts and do not constitute advertising. Sponsorships that can also be recorded as gifts cannot extend beyond the following benefits for the sponsoring entity:

- Sponsor's location, telephone number, and internet address included in recognition, program or display ad
- Value-neutral description of sponsor's products or services
- Sponsor's brand/trade name or product/service listings

Benefits to the sponsoring entity that extend beyond the above benefits should be reviewed by the Director of Gift Processing and the Gift Financial Reporting Specialist.

#### **L. Commercial Co-ventures**

RIT in rare occasions engages in commercial co-ventures where generated revenue or services are shared with other non-profits or for-profits. These activities require approval from the Development or Finance divisions. Commercial co-ventures are guided by commitment documentation similar to charitable gift commitments. In certain states, commercial co-ventures require registration and fees to conduct the activity in that state. Advance approval ensures these requirements are met. Revenue or services generated as a result of commercial co-ventures are not eligible for charitable gift credit.

#### **M. Receipts and Acknowledgments for Outright Gifts and Gifts of Securities**

Receipts are issued for all gifts to the legal donor who is determined by the last entity having legal control of the gift being given. These receipts comply with the IRS and include substantiation statements for goods or services received as a result of the gift.

The following exceptions and special circumstances apply regarding receipts:

- Faculty and staff that participate in the payroll deduction program receive a year-end receipt for payroll deduction transactions.
- Receipts are not issued for realized bequests or gifts from donor advised funds or charitable checking accounts.
- Gifts of foreign currency are acknowledged in lieu of a receipt.
- Donors receiving recognition credit, but are not the legal donor, are not eligible to receive a receipt.
- Receipts are issued for gifts of securities by the Gift Office following valuation guidelines (see Sect. XI, *Valuation*). This receipt serves as the official IRS documentation even when an acknowledgment is generated separate from the receipt.

**VII. Noncash Gifts:** In addition to cash gifts, RIT accepts noncash gifts or gifts-in-kind of tangible personal property such as equipment, books, software or other assets or materials. Donors are solely responsible for determining the value of the gift-in-kind and reporting it to the IRS. All gifts-in-kind must pass a test of “related use” in order to retain its deductibility for the donor or must be readily marketable. Related use is determined by completing the gift-in-kind forms along with required signatures and is the basis for determining the charitable deductibility of the gift-in-kind for the donor. Below is the list of required items and guidelines for accepting all gifts-in-kind as outlined by the Development and Finance divisions. The development officer is responsible for obtaining the information below from the RIT staff or faculty member and/or the donor. IRS Publications 526 and 561 contain useful information for the donor with detailed explanations about determining values of noncash gifts and IRS-required forms 8282 Donee Information Return and 8283 Noncash Charitable Contributions.

Required Information for Gifts-in-kind:

- Name and contact information of the donor
- Name, age and description of the item(s). An itemized checklist is required if there are multiple items
- Fair market value of the item(s) (see valuing determination by category in Section A)
- Date the item(s) was received at RIT
- Signature of the dean/program chair accepting the item
- The RIT 5-digit department number of the accepting department
- Third-party appraisal if the gift has a fair market value above \$5,000 and is from an individual
- Completed gift-in-kind internal form by Development
- If the item is new or used
- Confirmation that the gift-in-kind will be used by RIT
- Any donor stipulations on the use of the gift-in-kind
- Associated costs related to accepting the gift-in-kind
- If the gift-in-kind is comprised of various parts/components, an understanding if the parts/components operate as one unit, and, therefore, may be capitalized as one asset or if they work independently, and, therefore, should be valued independently

#### **A. Gifts of Real Property, Equipment, Consumables and Software**

Outright gifts of equipment will be accepted, recorded in the Advance system, and the university’s general ledger upon completion of the appropriate gift-in-kind forms and the export control checklist, including approval of the department head of the receiving department or division’s vice president or college dean, along with a budget sign-off from Finance. These gifts need to be reported to the development officer receiving the gift prior to acceptance.

Gifts of real estate and personal property will be recorded by Development at their full fair market value. For gifts of \$5,000 or more the fair market value is determined by an independent third-party qualified appraisal which is paid for by the donor. The term “qualified appraisal” as used throughout these gift policies refers to that term as defined in the IRS Regulations. The Controller’s Office will record the gift at fair market value less any associated expenses (i.e., broker’s fee, taxes, etc.). Gifts valued at less than \$5,000 can be recorded at the fair market value.

*Corporate gifts-in-kind:* Gifts can be reported at an educational discount or fair market value as declared by the donor if such donor-determined value is verifiable by some objective means, or at the fair market value placed on them by a qualified expert or appraiser only if RIT receives permanent and irrevocable ownership. The educational discounted value must be applied if offered by the corporation and stated as such on the forms. All gifts-in-kind must be categorized as either equipment (that which is eligible for depreciation) or consumable (that which will be expended over duration of time). All gifts-in-kind are categorized such as equipment < \$1,500, equipment > \$1,500 (that which is eligible for depreciation), software, real estate, consumables (that which will be expended or consumed over duration of time) and other. Corporate gifts-in-kind that require RIT to sign a “release of liability” must be reviewed by Risk Management and in some cases RIT’s Office of Legal Affairs.

*Loaned equipment, whether permanently or for a set time, is not considered a gift-in-kind as the donor does not relinquish control over the loaned equipment. Similarly, a service (consulting, subscriptions, maintenance/training contracts, gift certificate with no cash value) is not considered a gift as determined by IRS guidelines.*

*Depreciated gift-in-kind donations:* Items that have been depreciated or are not new must be booked at the depreciated value as determined by the donor if such donor-determined value is verifiable by some objective means such as a qualified independent third-party expert. In all cases, the educational discounted value must be applied if offered by the corporation.

*Bargain sales:* RIT will record as gift transactions cases where a company offers to sell equipment at a value that is less than the fair market value or less than the educational/nonprofit discount price. This transaction is referred to as a bargain sale. When calculating the gift value, RIT will record the difference between the fair market value/educational discount value and what RIT actually paid for the equipment. There must be a donative intent on behalf of the vendor.

*Gifts of artwork, collections, intellectual property, patents and royalties:* Gifts of property in any of these categories are accepted on a case-by-case basis. Gifts of artworks and collections, however, are specifically handled through the University Art Advisory Committee. This committee oversees all major donations or purchases of individual works and collections according to the university’s Collection Management Guidelines. Any RIT staff member identifying a potential gift, whether an individual work or collection of art or artifacts, must contact the RIT Archivist with a detailed description of the items under consideration.

*Software from a corporation:* Gifts of software or hardware with an established retail value are booked like other gifts-in-kind and counted at the educational discount value (if applicable) or the fair market value. The donor is required to document educational discount details. Maintenance agreements, service agreements or web-based subscriptions are not booked. Gifts of software must have value to the university in the academic, research or administrative areas. Licenses are counted at the number of licenses required by the area, or at the site license purchase level (if one exists). Numbers of licenses that exceed the required amount are



not booked. Software given through corporate university/education programs (or mega gifts of software) where all software is provided to all educational institutions are not considered gifts and, therefore, are not booked in the Advance fundraising system; however, these corporations should receive recognition for the software gift. Software given for beta-testing or with no established fair market value cannot be booked. Again, these corporations should receive recognition.

*Equipment donated by an individual:* Equipment donated by an individual is treated similarly as corporate donations with the following exception: Gifts valued at more than \$5,000 require an independent third-party appraisal which is paid for by the donor.

*Gifts-in-kind of service from a company or individual:* Gifts-in-kind of service are not generally recognized by the IRS as charitable contributions. Gifts-in-kind of service, therefore, are not recorded in the Advance system; however, the donor should receive recognition. Also, even though a gift-in-kind of service may not be recorded in Advance, the Controller's Office should be notified of such gifts as contributed services may be recorded under generally accepted accounting principles based on certain criteria. Gifts-in-kind of services are generally defined as an individual donating his/her time or donating the service of his/her business (i.e. dinner gift certificates; airline tickets) to the university.

*Gifts-in-kind (other) of a non-reimbursable expense:* Volunteers may incur unreimbursable expenses on behalf of the university and are, therefore, eligible to receive charitable deduction tax or gift credits. These gift credits require completion of the Volunteer Expense Log and valid receipts of the expenses, in order to receive acknowledgment from the university.

## **B. Securities**

Publicly traded and closely held equity and fixed-income securities may be donated to RIT. This can be done by delivering the securities to RIT fully executed or by transferring these securities from a brokerage account to RIT's broker via DTC.

With the exception of endowed accounts, any gain/loss on the sale of the stock will be reflected on the general ledger account where the gift is designated. The gift value for gifts of marketable securities is determined by taking the average of the high and low quoted selling prices on the date the donor relinquished dominion and control of the assets. For endowed accounts, the gain/loss is recorded to the investment pool.

*Publicly traded securities:* A gift of publicly traded securities, regardless of its value, can be completed in any of the following methods (1) the donor instructs his/her broker to DTC a specified number of shares to RIT's account (2) the donor mails or delivers a stock certificate with ownership already transferred to RIT or (3) the university delivers to its broker a signed stock certificate or a stock certificate, obtained from a donor, with an original stock power. The preferred method of gifts of securities is DTC. In any case, the donor receives a receipt with the charitable contribution determined by the mean of the high and low of the transfer date to RIT's account. In all cases, RIT immediately sells all gifts of publicly traded securities, unless alternative arrangements are made in coordination with the vice presidents of Finance and Development.

*Closely held securities:* RIT will accept gifts of closely held securities following approval by Finance and Administration. Closely held securities are often difficult to value and must be accompanied by a qualified appraisal paid for by the donor for all contributions greater than \$10,000.

### **C. Real Estate**

RIT can, with the advanced approval of the Senior Vice President for Finance and Administration, accept gifts of residential and commercial property, farmland, undeveloped land and other real property after a thorough review of:

- Usefulness of the property;
- Marketability;
- Existence of restrictions, easements, community limitations;
- Encumbrances (i.e., mortgages, liens, etc.);
- Carrying costs such as property owner's tax, association dues, insurance, other maintenance expenses;
- Fair market value in relation to the costs and limits determined above; and
- Environmental assessment including owner's history of property, a title search to determine prior ownership, and consultation with federal, state and local environmental agencies to find out whether the property has a history of hazardous waste contamination. A visual inspection of the property will help in this evaluation. A professional environmental audit may still be necessary to be paid for by the donor.

The Senior Vice President and Treasurer, Finance and Administration, has ultimate authority in the acceptance of gifts of real estate. Such transactions are subject to the "Policy and Procedures Concerning Real Estate Transactions of Rochester Institute of Technology".

### **D. Receipts and Acknowledgments for Gifts-in-kind:**

Receipts are **not** sent for gifts-in-kind except for gifts of securities. IRS requirements for gift substantiation note that the donor has the responsibility for valuing gifts-in-kind for tax deduction purposes. Acknowledgments should state specifically the items that were donated (either in letter text or as an enclosure with the acknowledgment) but are not to include any reference to the fair market value of the item(s).

**VIII. Deferred Gifts:** Deferred gifts are gifts where RIT does not have the right to the immediate use of the asset. When establishing a deferred gift prior to one's death, it is recommended that the donor create a statement of intent if the deferred gift is to be designated to a specific gift fund (i.e., scholarship, professorship). Unrestricted deferred gift donations, upon receipt from the respective estate, are allocated as outlined in the *Resolution of the Finance Committee of the Board of Trustees of Rochester Institute of Technology, April 15, 2004*.

### **A. Gifts that Take Effect at Death:**

*Bequests:* Bequests of any size will be accepted. Unrestricted bequests, when possible, should be encouraged. Restricted bequests should be encouraged in only the broadest applicable terms since the needs and circumstances of RIT will change over time. A bequest may be for a specific amount, for a percentage of an estate, or for the residuum. Upon receipt of written notification from the donor, Development will record the individual's known bequest intention as a pledge commitment prior to his/her death for donor stewardship and planning purposes. The bequest intention is not recorded by Finance until the bequest becomes realized or unless it is legally documented as irrevocable.

*Beneficiary designations:* Gifts that result from the university being named as a beneficiary of a retirement plan, life insurance policy, or other estate planning vehicle will be accepted. Unrestricted designations, when possible, should be encouraged. Restricted designations should be encouraged in only the broadest applicable terms since the needs and circumstances

of RIT will change over time. The Trustees should have flexibility to make use of the funds in the best interest of RIT while complying with the donor's interests and specifications. A designation may be for a specific amount, for a percentage of an asset, or for the residuum. Upon receipt of written notification from the donor, Development will record the individual's known designation as a pledge commitment prior to his/her death for donor stewardship and planning purposes. The beneficiary designation is not recorded by Finance until the designation becomes realized or unless it is legally documented as irrevocable.

## **B. Life Income Agreements:**

### **1. Trusts**

Charitable trusts are irrevocable in nature and may be funded with cash or other assets. Special tax advantages may apply under certain circumstances. Donors may receive income for life or a certain term of years (not to exceed 20). When RIT is acting as trustee, funding a trust with real estate is not encouraged and is subject to RIT's policies for acceptance of gifts of real estate. In that case, specific drafting of the trust agreement is needed to protect RIT (as trustee) from payment obligations until the trust is generating income (net income unitrust). Development routinely works with donors' advisors to achieve a plan of mutual benefit.

RIT will act as trustee of a charitable remainder trust under the following circumstances:

1. There are no more than 2 income beneficiaries;
2. Assets must have a value of \$100,000 or greater; and a potential remainder value of at least \$25,000;
3. RIT is the sole remainder beneficiary;
4. Payout is 6% or less, unless donor is 80 years or older, in which case, payout of up to 7% can be agreed upon;
5. Investments may be commingled with those of similar trusts, and;
6. The same thresholds apply for both unitrusts and annuity trusts

*The Charitable Remainder Annuity Trust:* An annuity trust is a trust that provides fixed payments to one or more beneficiaries based on the fair market value of the assets on the date the trust is established. Charitable Remainder Annuity Trusts are irrevocable in nature. Additions to the trust are not allowed. When RIT serves as trustee, payments to the beneficiaries will be made on a quarterly basis. The Controller's Office is responsible for ensuring timely preparation of necessary tax filings for the trust.

*Charitable Remainder Unitrust:* A unitrust is a trust that provides payments equal to a fixed percentage of the trust assets valued each year. Charitable Remainder Unitrusts are irrevocable in nature. Since the trust is re-valued annually, additions may be made at any time. When RIT acts as a trustee, payments to the beneficiaries will be made on a quarterly basis. The Controller's Office is responsible for ensuring timely preparation of necessary tax filings for the trust.

*Lead Trusts:* In both *Charitable Lead Annuity or Unitrusts* the trust provides quarterly payments to RIT. Only these payments will be credited to the donor as a gift. RIT will not serve as trustee of lead trusts. Charitable lead trusts are irrevocable.

### **2. Gift Annuities**

A charitable gift annuity (CGA) 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. The annuity is backed by RIT's general assets, not just by the contributed property.

Deferred payment gift annuities, where the gift is made but payments to the donor are deferred, are also acceptable. RIT adheres to suggested gift annuity rates published by the American Council on Gift Annuities (ACGA). It is RIT's practice to enter into CGA contracts that do not exceed these rates; however, exceptions can be made based on the donor's age or other factors as deemed acceptable by RIT on a case by case basis. CGA payments are fixed and unchanged for the term of the contract. Typically payments are made quarterly; however, more frequent payment arrangements can be made upon the donor's request and RIT's approval. Required CGA reserve funds are maintained in accordance with New York State regulations. The Controller's Office is responsible for submitting the New York State Insurance Board Annual Statement. The Controller's Office is also responsible for ensuring timely preparation of necessary tax filings for gift annuities.

| Type  | Age and Gift Minimums |
|---|-----------------------|
| Minimum gift one-life   | \$10,000              |
| Minimum gift two-life   | \$25,000              |
| Minimum gift one-life deferred                                | \$ 5,000              |
| Minimum gift two-life deferred                                | \$15,000              |
| Minimum age of beneficiaries                                  | 55                    |
| Deferred payment gift annuities, minimum age when established | 45                    |
| <i>Rate cap 10%</i>   |                       |

### 3. Retained Life Estate

RIT will consider acceptance of gifts of real estate in situations when the donor wishes to retain the right to use the property. In such cases, the same authorizations and evaluation of considerations are made of the real estate as mentioned above and appraisal rules also apply. RIT assumes ownership of the property and the donor continues to be responsible for the payment of taxes or other related expenses such as insurance and ordinary maintenance costs. Upon the death of the donor or donor's designee, RIT has the right to retain or sell the property.

### 4. Pooled Income Fund

Pooled income funds are irrevocable trusts. Donors can contribute cash or appreciated investment securities (with the exception of tax-free bonds which the trusts are forbidden to hold) to the fund. RIT can sell the assets free of tax and invest the proceeds in a commingled investment fund. Donors are free to make additional donations to the pool. Each year, the pooled income fund distributes all of its net income to its income beneficiaries. After the beneficiary's death, the remainder interest is distributed from the fund to RIT. Donors can choose up to two income beneficiaries to receive income for life. Income payments are made quarterly. The Controller's Office is responsible for ensuring timely preparation of necessary tax filings for the pooled income fund.

### 5. Life Insurance

Donors can make a gift to RIT by irrevocably assigning an existing life insurance policy. This is done by making RIT both the policy owner and the beneficiary. Donor restrictions on gifts of life insurance should be made in the broadest applicable terms since the needs and circumstances of RIT will change over time. Preferable gifts of this type should have a face value of at least \$100,000; the insured is at least 50 years of age and the policy is fully paid up. RIT will determine on a case by case basis whether to accept life insurance policies with a cash value of less than \$100,000, where the donor is under 50 years of age or the policy is not fully paid up;

provided; however, there will be a rebuttable presumption that such policies shall not be accepted. Under no circumstances will RIT accept split interest life insurance policies. RIT reserves the right to exercise judgment without the donor's explicit approval to determine whether to retain the policy to maturity or to surrender it for its cash value.

**IX. Authorized Signatures for Charitable Contributions:** Development is called upon to coordinate institutional signatures for IRS Form 8283, Noncash Charitable Contributions, verification of receipt of gifts, and other documents. When this occurs, the authorized signature and procedure for obtaining a signature is outlined in the *Authorized Signatures for Gift Related Documents*. Development staff should refer to this document for obtaining the requested signature.

Form 8283, Noncash Charitable Contributions - Development should notify the Controller's Office immediately upon receipt of a gift-in-kind that includes IRS Form 8283. Only an official authorized to sign the tax returns of the university may sign Part IV Donee Acknowledgement of Form 8283. The Controller's Office keeps these completed forms on file for reporting on the university's Form 990 tax reporting.

Form 8282, Donee Information Return – The Controller's Office will file Form 8282 for any gift-in-kind disposed of within 3 years after the date the university received the property. The Development Office, as well as the department that received the gift-in-kind, should notify the Controller's Office if a gift-in-kind is sold, exchanged, consumed or otherwise disposed of within this 3-year timeframe.

**X. Government and Non-Government Grants and Contracts:** Government funds are, by their nature, not philanthropic and, therefore, are generally not counted as gifts. All contract revenue will be excluded. When a foundation sponsors a research program, usually through an announced public competition, the award may be classified as a gift/grant. The difference between a private grant and contract is judged on the basis of the intention of the awarding agency and the legal obligation incurred by RIT in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible benefit in return. It is donative in nature. A contract carries an explicit "quid pro quo" relationship between the source and the university. Exceptions to this policy will be made when external support from a government agency or affiliate does not meet the criteria for a sponsored project.

**XI. Valuation:** The effective date of valuation is dependent upon the method of delivery. For example, the postmark of an envelope enclosing a check, the date a donor hand delivers fully endorsed securities, the date securities are transferred out of a donor's brokerage account, the date trust documents are signed and assets are given, are all effective dates of transfer. Special circumstances include the transfer of securities to the university's pooled fund trustee: All gifts to the pooled funds are effective as of the date of receipt by the university's financial institution.

Securities are valued, as of the determined date of transfer, at a mean of their high and low for that day. Real estate and other property are subject to appraisal value – RIT does not assign value to gifts of personal or real property.

A unitrust's fair market value is re-valued as of January 1<sup>st</sup> of each year and it is on the basis of that value that payout for the next year is determined.

Donors are informed, at the time they make a gift, of the value of this gift for tax purposes except as noted in the case of gifts of real or personal property. Proper acknowledgment states the deductibility of the gift and whether goods or services are received in consideration of the gift (substantiation is required for gifts of \$75 or more in accordance with IRS regulations).

**XII. Reporting and Recording:** In order to maintain accurate record keeping under current Financial Accounting Standards Board (FASB) regulations and to be in compliance with the Council for Advancement and Support of Education (CASE) guidelines, RIT must follow strict guidelines in the recording of gifts.

Outright gifts, payable over a multi-year period will be reported at the gift's estimated net realizable value at so long as RIT has written confirmation from the donor of an enforceable commitment. Such documentation should include a related payment schedule for pledges. To be considered a pledge that will be recorded in the university's financial statements, the donor's commitment must also be unconditional, that is, receipt by RIT cannot be based on the occurrence or non-occurrence of any future events or other stipulations. Pledges are recorded on the general ledger net of pledge discount and bad debt reserve.

Charitable trusts and pooled funds will be recorded, for development purposes, at face value. The discounted present value, which is the donor's allowable deduction and takes into consideration income payments due to the donor, will also be separately recorded. The discounted present value which is irrevocable and "enforceable" and will be recorded, for financial statement purposes.

Gift Annuities are gifts made "in exchange" for an annuity and are technically outright gifts subject to the contractual obligation that RIT pay an annuity for life (or lives) of one or more annuitants. Thus, there is no "remainder interest". The gift will be recorded at face value by Development and at a discounted present value for financial statement purposes.

Bequests in a Will, since a Will may be changed at any time, are not enforceable pledges. However, bequest intentions should be recorded as deferred pledges at face value and will be listed separately from all other pledges for reporting purposes. When an estate has cleared probate, the intended bequest for RIT becomes a pledge and will be recorded as such. The only exceptions are contingent bequests that require a number of prior conditions be met before RIT's benefit can be assessed.

**XIII. Periodic Review Guidelines:** The Divisions of Development and Alumni Relations (Development) and Finance and Administration (Finance) review this document annually as a minimum guideline or preceding any comprehensive or capital campaign. Review for lesser campaigns will be performed on an as needed basis. Other revisions are made as needed to meet tax, financial, Council for Advancement and Support of Education (CASE) and RIT requirements. Following any review, recommended changes are forwarded to the University Relations Committee of the Board of Trustees. This committee acts on behalf of the Board of Trustees to endorse the terms of the Gift Acceptance Policies. These policies are used in conjunction with the University Naming and Endowment Guideline.

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**XIV. Intranet Reference for Internal Use:**

University Naming and Endowment Guideline