



# Oakland University

## Administrative Policies and Procedures

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<b>SUBJECT:</b>	GIFTS, PLEDGES AND GRANTS
<b>NUMBER:</b>	500
<b>AUTHORIZING BODY:</b>	PRESIDENT'S CABINET
<b>RESPONSIBLE OFFICE:</b>	VICE PRESIDENT FOR DEVELOPMENT, ALUMNI AND COMMUNITY ENGAGEMENT
<b>DATE ISSUED:</b>	MARCH 1975
<b>LAST UPDATE:</b>	MARCH 2003

**RATIONALE:** The Board of Trustees of Oakland University must officially accept any gift or grant before it can become the legal asset or property of the University.

### **POLICY:**

**Gifts:** All gifts to Oakland University must be handled in the following manner:

- a. **Responsibility of Receiving Department:** Recipient departments must submit checks, cash, and securities to the Gift Accounting Office. This is to be done the same day gifts are received using the "Gift Entry Information / Receipt Form" ([see Exhibit A](#)). The donor's name and address, the fund to be credited, as well as the amount of the gift must appear on the form. Gifts should be accompanied by all original correspondence pertaining to each gift, agreements and suggestions as to handling and use, along with a copy of any "thank you" or acknowledgement written by a University representative to the donor.
- b. **Gift Accounting Office Responsibilities:** The Gift Accounting Office will verify the information on the "Gift Entry Information / Receipt Form" and will stamp it with the date and time of receipt. The Gift Accounting Office will record the gift with any designated fund numbers and prepare the official University receipt to be sent to the donor, along with a letter of acknowledgement signed by the President where appropriate. After processing gifts into Banner, the gifts are deposited with the University Cashier's Office and then receipting and acknowledging takes place.

- c. **Gifts-In-Kind:** The Gift Review Committee (GRC) is responsible for making recommendations to the President and the Board of Trustees on accepting proposed Gifts-in-Kind. The GRC may, at its discretion, include other University Experts to help make its determination as to whether or not to recommend acceptance.

All proposed Gifts-in-Kind with an apparent value of \$5,000 or more are presented to the Gift Review Committee. Determinations on all gifts of service, gifts of Out-of-Pocket Expenses and Gifts-in-Kind with an apparent value of less than \$5,000 are made by the Vice President for Development, Alumni and Community Engagement. All auxiliary units of the University are subject to all the appraisal and reporting requirements of this Policies and Procedures Section as well.

Donors are required to provide the University in writing, the value of the Gift-in-Kind. For Gifts-in-Kind with an apparent value of \$5,000 or more, a qualified appraisal must accompany the gift. The exceptions to this policy are: (1) closely-held stock which must be appraised before consideration by the Gift Review Committee only if the apparent value is at least \$10,000, (2) gifts of service, (3) gifts of Out-of-Pocket Expenses, and (4) Limited Use of Private Property. In cases where an appraisal is required, but not submitted, and the gift is accepted, the value of the gift for recognition purposes will be \$1.00 or the University's selling price. In cases where the apparent value is less than \$5,000 or the donor is a corporation, foundation or an association, the donor may be required at the University's discretion to submit an appraisal.

University compliance with IRS regulations concerning the sale of donated assets is based in the Finance and Administration Division.

General information on tax deductibility and IRS appraisal requirements of donated Gifts-in-Kind may be provided upon request to potential donors from the divisions of Finance and Administration and Development, Alumni and Community Engagement. Donors are also advised to contact their personal financial advisors, tax attorneys, or accountants for counsel.

The University does not act as an appraiser of Gifts-in-Kind. The donor, not the University, has the responsibility of substantiating the value of donated property with the IRS. Therefore, no values for Gifts-in-Kind except for publicly traded securities shall appear in acknowledgment letters or receipts.

The value of a Gift-in-Kind that will be used for counting and donor recognition purposes will be the value that the donor has established for Gifts-in-Kind which have an apparent value less than \$5,000. For gifts with an apparent value of \$5,000 or more, the value that was provided by the donor in writing, accompanied by a qualified appraisal, will be used for counting purposes and donor recognition purposes. When an appraisal exists that only states a dollar range for a Gift-in-Kind, the midpoint of that range will be used for counting purposes.

If a company wishes to provide labor and materials for a specific project as a Gift-in-Kind, an invoice from the company detailing the labor portion and the materials portion will suffice in lieu of an appraisal. Only the materials portion of the invoice will be used for counting and donor recognition purposes. In cases such as this, if the apparent value of the gift is \$5,000 or more, the gift must be accepted by the President and the Board of Trustees prior to the project beginning.

If a Gift-in-Kind with an apparent value of \$5,000 or more is intended to be sold at a University fundraising auction, the gift must be approved by the GRC prior to the gift being sold at the auction.

Signature of a University representative on required IRS forms that acknowledge receipt of a property is not a concurrence in fair market value. Values are recorded for counting and donor recognition purposes only.

The University reserves the right to determine the sale date of any Gift-in-Kind of which it wants to divest. Disposition is made without regard to donor appraisal, and the University assumes no responsibility for any variance between appraised value and the amount obtained from the sale.

Contribution credit for Out-of-Pocket Expenses can only be given in accordance with Oakland University policies and if the donor submits receipts or check copies clearly indicating the vendor name and the service or material purchased, and receipts indicating acceptance of final products or Services resulting from the expenditure. Donor recognition for donations of Out-of-Pocket Expenses and Limited Use of Private Property are awarded upon approval of the Vice President for Development, Alumni and Community Engagement or the President.

Contribution credit for Services can only be given if the donor submits a record of such Services verified by the Vice President for Development, Alumni and Community Engagement or his designee, and verification that the rate at which the credit is granted is within community standards of usual and customary charges for such Services. Donor recognition for donation of Services is awarded upon the approval of the Vice President for Development, Alumni and Community Engagement or the President. However, no deduction is allowed by the IRS for a contribution of Services to a charitable organization, no matter how valuable such Services actually may be to the donee.

**SCOPE AND APPLICABILITY:** This section details the members of the University community who are impacted by or have the responsibility to adhere to the AP&P, such as faculty, staff and students.

### **DEFINITIONS:**

***Gifts-in-Kind:*** Donated tangible and intangible assets and property such as real estate, notes, mortgages, limited partnership interests, royalty or copyright interests, art, books, equipment, automobiles, inventory, personal property, securities, other physical assets, material or Services which represent value to the University. For purposes of this policy, all reference to Gift-in-Kind specifically excludes publicly traded securities.

***Out-of-Pocket Expenses:*** Payments made by a donor to a vendor for materials or Services utilized on behalf of Oakland University. For example, the expenses incurred by a donor sponsoring a dinner party to promote the University, is such a gift.

***University Experts:*** An Oakland University employee with sufficient knowledge of property proposed for donation to determine the feasibility and desirability of accepting a gift for use, display or resale and capable of estimating value for University purposes only.

**Services:** This term includes professional or personal Services or time which are freely given and which can easily be valued by their usual market cost. Gifts of Services are recognized by the University but are generally not recognized by the IRS as being tax deductible. Examples of gifts of Services are the donation of broadcast time by a radio station or legal Services by an attorney.

**Limited Use of Private Property:** The right to rent-free use of a home office, piece of equipment or commercial property owned by a donor for a specific event for a period of time. Such gifts are recognized by the University but are generally not recognized by the IRS as being tax deductible. Examples include the rent-free use of office space, or the rent-free use of a vacation home to host a University event.

**Bargain Sale:** The sale of appreciated property to Oakland University for less than present fair market value with the intent to make a gift of the difference.

**Gift Review Committee (GRC):** Vice President for Development, Alumni and Community Engagement (Chair); General Council; Assistant Vice President, Finance and Administration

## **PROCEDURES:**

A. Individuals who are contemplating donations of Gifts-in-Kind will be informed by appropriate development officers of University policies in regard to the internal process, appraisal requirements and policies in regard to disposition of gifts held for sale. General information on tax deductibility and IRS valuation requirements of various Gifts-in-Kind is available from the Division of Development, Alumni and Community Engagement; No University employee shall render tax advice to a donor. For specific legal and financial advice, donors are referred to their tax attorneys and professional financial counselors.

B. To present any Gift-in-Kind, gift of Service, or gift of Out-of-Pocket Expense for acceptance, except real estate, the following documentation must be provided to the Gift Accounting Office: 1) Form A-1 ([Gift-in-Kind Review Form see Exhibit B](#)) is prepared, signed by a professional staff member (AP/IC) and sent to the Gift Accounting Office. If the apparent value is \$5,000 (\$10,000 if closely held stock) or more and from an individual donor, the appraisal must be attached. 2) Attach a letter from the donor stating the intent of the gift and the value they have placed on it. No University employee shall determine or place a value on any Gift-in-Kind.

The Gift Accounting Office assures that materials are complete and for all Gifts-in-Kind of \$5,000 or more, sends them to the Gift Review Committee. A copy of the Gift-in-Kind documents will also be forwarded to the Director of University Services and Property Management.

C. The Division of Development, Alumni and Community Engagement is notified of Gifts-in-Kind with apparent values of \$4,999 or less by colleges, schools and departments by sending a copy of the acknowledgement letter generated by the unit to the Gift Accounting Office along with a completed Form A-1 ([see Exhibit B](#)). Since only the Board of Trustees is empowered to accept gifts for the University, until such time as they move to accept a gift, deans, directors, and development officers assigned by the Vice President for Development, Alumni and Community Engagement may only indicate the intent to make a gift is appreciated and that they will trigger

the process for acceptance. Until the time that the Board of Trustees accepts the gift, the gift is not to be used by the University.

D. To propose a gift of real estate, Form A-2 ([see Exhibit C](#)), Gift-in-Kind Review Form for Gifts of Real Estate is prepared and sent to the Gift Accounting Office. When materials are in order, the Gift Accounting Office sends them to the Vice President for Development, Alumni and Community Engagement, and/or the Gift Review Committee.

E. For non-cash gifts of \$5,000 or more, at the request of the donor, Section B, part I of IRS Form 8283 will be signed by the Vice President for Development, Alumni and Community Engagement. The donor should complete his/her name, tax identification number and description of the donated property before submitting the form for a University signature. The form should be sent to the Gift Accounting Office. Only the President, Vice President for Development, Alumni and Community Engagement, or the Vice President for Finance and Administration are authorized to sign the form for the University. A copy of each completed Form 8283 is sent to the Office of Property Management if the property

F. Prior to sale of a Gift-in-Kind, The Office of Property Management notifies the Vice President for Development, Alumni and Community Engagement that the gift is about to be sold. All transaction concerning equipment to be capitalized (not held for sale) are sent for approval to the Controller. Presidential approval is required for gifts valued at \$10,000 or more.

G. Immediately after a sale of property sold within two years of its receipt as a gift, the Office of Property Management submits all information required on IRS Form 8283 to the Gift Accounting Office. The Gift Accounting Office completes Form 8283 and sends it to the IRS with a copy sent to the donor.

H. In cases where the apparent gift value is below \$5,000 or the gift is from a corporation or foundation, valuations for financial records for donor recognition purposes may be prepared by University Experts or from equipment price listings.

I. Proposed gifts of privately held stock are submitted on Form A-1 ([see Exhibit B](#)). If the apparent value is over \$10,000 and the donor is an individual, a qualified appraisal provided by the donor must be attached.

J. Gifts of software need only have the vendor's value less any educational discount to substantiate the gift

K. Copies of documentation regarding contribution credit for Out-of-Pocket Expenses or Services and for Limited Use of Private Property are forwarded to the Gift Accounting Office for review and processing.

**Appraisal Requirements:** When a taxpayer makes a charitable contribution of property (other than money or publicly traded securities) and the amount claimed or reported as a charitable deduction with respect to the property exceeds \$5,000, certain additional substantiation requirements generally must be met:

A. When a taxpayer makes a charitable contribution of property (other than money or publicly

traded securities) and the amount claimed or reported as a charitable deduction with respect to the property exceeds \$5,000, certain additional substantiation requirements generally must be met:

- B. A qualified appraisal must be obtained for the property contributed. If the contributed property is a partial interest, the appraisal must be of the partial interest.
- C. A fully completed appraisal summary must be attached to the tax return on which the deduction for the contribution is first made.
- D. Records containing the information required for property contributions must be maintained.

**Qualified Appraisal:** A qualified appraisal is an appraisal document that:

- A. Relates to an appraisal made not earlier than 60 days before the date of contribution of the appraised property nor later than the due date of the return on which a deduction for the contribution is first claimed.
- B. Is prepared and signed by a qualified appraiser.
- C. Includes the information required to be included in a qualified appraisal.
  - a. Description of the property in adequate detail for a person not familiar with the type of property to ascertain that the property that was appraised is the property that was contributed;
  - b. For tangible property, the physical condition of the property;
  - c. The date (or expected date) of contribution to the donee;
  - d. The terms of the agreement entered into by the donor or donee concerning the use, sale or other disposition of the property;
  - e. The name, address, and taxpayer identification number of the qualified appraiser;
  - f. The qualifications of the qualified appraiser;
  - g. A statement that the appraisal was prepared for income tax purposes.
  - h. The date (or dates) on which the property was appraised.
  - i. The appraised fair market value of the property on the date (or expected date) of contribution.
  - j. The method of valuation used to determine the fair market value.
- D. Does not include a prohibited appraisal fee.

**Contents of Appraisal Summary:**

An appraisal summary must include the following information:

- A. The name and taxpayer identification number of the donor.
- B. A description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was contributed.
- C. In the case of tangible property, a brief summary of the overall physical condition of the property at the time of the contribution.
- D. The manner of acquisition (e.g. purchase, exchange, gift or bequest) and the date of acquisition of the property by the donor, or, if the property was created, produced or manufactured by or for the donor, a statement to that effect and the approximate date the property was substantially completed.
- E. The cost or other basis of the property.
- F. The name, address and taxpayer identification number of the donee.
- G. The date the donee received the property.
- H. A statement explaining whether or not the charitable contribution was made by means of a Bargain Sale and the amount of any consideration received from the donee for the contribution.
- I. The name, address and taxpayer identification number of the qualified appraiser who signs the appraisal summary and of other persons as required (i.e. of any partner or of any partnership, corporation or person of which the appraiser is an employee or independent contractor).
- J. The appraised fair market value of the property on the date of contribution.
- K. The declaration required to be included in a qualified appraisal by a qualified appraiser.
- L. A declaration by the appraiser stating that:
  - a. The fee charged for the appraiser is not of a type prohibited, and
  - b. Appraisals prepared by the appraiser are not being disregarded for tax purposes on the date the appraisal summary is signed by the appraiser.
- M. Such other information as may be specified by the form.

### **Guidelines for Gifts of Real Estate**

1. The University may consider the following in whether to accept a gift of real property:

- a. If a buyer for the property could be identified by the University.
  - b. If the property being donated is contiguous to some other property that the University already owns, thus increasing the chances for sale.
  - c. If the donor agrees to cover all expenses, taxes, and upkeep of the property until the University sells it.
  - d. If the University can make research, teaching, or service use of the property.
2. As a general rule, there should be no mortgage on the property. This applies even if the donor agrees to provide all mortgage payments, interest, etc., after the gift is made. If there is a mortgage on the property, it should be suggested to the donor to prepay the mortgage and then make the gift or provide endowment sufficient to cover the mortgage costs.
  3. The donor should agree to cover taxes, assessments, maintenance, and all other associated fees until the property is sold. However, if the property is valued over \$100,000 the proration of these obligations between the donor and the University is to be negotiated.
  4. If there are tax ramifications for the donor as a result of a proposed gift of property, Development, Alumni and Community Engagement will provide any information requested by the prospective donor or the prospective donor's duly authorized advisor.
  5. The Office of Risk Management and Contracting and the Office of General Counsel should be kept abreast of discussions regarding gifts of real property.
  6. The Office of Risk Management and Contracting will review properties for environmental hazard considerations prior to acceptance. The expectation will be for the donor to produce at least a Phase I survey.
  7. All gifts of real property should be accompanied by a title commitment.
  8. Gifts of real property should preferably be made by warranty deed. A quit claim deed or a special warranty deed will only be acceptable in certain carefully considered situations.
  9. The donor must provide a qualified appraisal from a qualified appraiser and an appraisal summary.
  10. In the case of a Bargain Sale, the appraiser should be one designated by the University's Office of Risk Management and Contracting.

**Guidelines for Equipment Donations:** (Equipment not held for sale)

1. A university expert should review the equipment in relation to the needs of the university.
2. If the equipment is being tied into the university utility services, the compatibility with the university's systems should be verified. Electrical services, drains and the facility's cooling or



heating capacity should be reviewed.

3. The energy consumption record of the proposed equipment donation should be reviewed.
4. An engineering analysis may be necessary to insure that the structural integrity of the facility is not endangered by the installation. Space needed for the equipment such as floor loading, ceiling height and door width should be reviewed.
5. A maintenance endowment is recommended.

**Gift Matching:** Any form supplied by a donor to apply to the donor's employer for a gift to be matched must be presented to the Gift Accounting Office in order for the original gift to be verified. Only the Director of Development Information Services has been authorized to sign such gift applications.

**Gift (Donor Recognition) Societies:** The Division of Development, Alumni and Community Engagement administers University-wide donor recognition societies and clubs in accordance with policies adopted by the Board of Trustees in August, 2002. Donors may become members of donor recognition societies based on the total amount of cash, non-cash, matching gifts, active pledge balance (on any five-year pledge) and any documented planned gift. Recognition amount applies to all individuals, families, corporations, foundations, and organizations that are donors of record to Oakland University.

Recognition to a corporation, foundation, family, or organization is to the particular entity. However, each entity may designate one or more individuals to represent it in accepting recognition.

Corporation and foundation gifts that match employee donations are credited for recognition purposes, but not tax purposes, to both the employee and the matching entity.

The organizations defined below are collectively referred to as donor recognition societies and recognize a donor's cumulative giving to Oakland University:

- i. Matilda Wilson Founders Society – Cumulative gifts of \$10,000,000 or more or a planned gift of \$20,000,000
- ii. Varner Society - Cumulative gifts of \$5,000,000 or more or a planned gift of \$10,000,000
- iii. iGolden Oaks Society - Cumulative gifts of \$1,000,000 or more or a planned gift of \$2,000,000
- iv. Meadow Brook Society - Cumulative gifts of \$500,000 or more or a planned gift of \$1,000,000
- v. Pioneer Society - Cumulative gifts of \$250,000 or more or a planned gift of \$500,000
- vi. President's Council Society - Cumulative gifts of \$100,000 or more or a planned gift of \$250,000

- vii. Matilda R Wilson Society - Cumulative gifts of \$50,000 or more or a planned gift of \$100,000
- viii. Alfred G Wilson Society - Cumulative gifts of \$25,000 or more or a planned gift of \$50,000
- ix. Heritage Society – Documented planned gifts to benefit Oakland University regardless of value
- x. President’s Club – Individual annual giving donors who have made a \$10,000 cumulative gift and continue to give at least \$1,500 in unrestricted support to Oakland University Foundation.

**2. Pledges:** Pledges are only to be recorded when full payment is expected at some point in the future. There must be some document, either from the donor to the University or from the University to the donor, outlining the pledge agreement. (Pledges made through an official telefund are exempted from this requirement). Oakland University must have a very good understanding of the donor’s payment intentions/schedule so that future anticipated payments can be value-dated. Furthermore there must be proof that pledges are in good standing. Pledges not in good standing, for which there is no amplifying correspondence with the donor outlining revised payment terms, are subject to direct investigation by our auditors. If full payment is received at the same time a "pledge" is made, a pledge record does not need to be created.

In Banner, pledges should not be over-paid. If the final payment against a pledge will cause the sum of all payments to exceed the original pledged amount, the pledge amount will be adjusted to equal the total amount paid. If this occurs with a President’s Club pledge, the overpayment should be applied to any other President’s Club pledge still outstanding or processed as a separate gift. If the donor indicates that the excess amount paid is an additional gift, it will be processed as such. If they indicate that the excess amount paid is to establish a new pledge, a new pledge record must be created and the payment split accordingly.

**3. Special Fund Raising Events and Gifts Associated with Donor Benefits:** The correct name and verified address of each donor who has made a contribution to any fundraising activity of the University must accompany the "Gift Entry Information / Receipt Form" that is delivered to the Gift Accounting Office. The University Receipt will be prepared from this information.

All acknowledgements for gifts associated with direct benefits should state the fair market value of the benefit received by the donor. Therefore, information on the fair market value of benefits must be submitted by units or groups sponsoring events to the Manager of Gift Accounting for the purposes of including that information in acknowledgements and giving histories, and supplying to donors upon request. Gift receipts will direct donors to call the Manager of Gift Accounting for information on benefits.

In accordance with IRS requirements, invitations, reply cards, tickets, letters and other printed materials connected with a fundraising event must also reflect the fair market value of any benefit to the donor. This applies to all fund-raising events, including those that are underwritten. The concept of benefit is applied even if the donor does not attend the event but receives a ticket, or does not exercise rights associated with membership. It is not sufficient to state on the materials

only "deductible to the extent provided by law."

Benefits are defined as the fair market value of a ticket to any event, of any good or service purchased at an auction, or of consideration associated with a membership. In relation to any event, the term benefit applies--but is not limited--to the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. The benefit associated with a purchase at an auction is equal to the fair market value of the good or service bought. In relation to memberships, benefit refers to the fair market value of gifts and privileges associated with the level of membership.

Premiums (meals, etc.) offered to a donor in return for purchasing tickets to fund-raising events cannot be considered gifts to the University. The dollar value of a premium or privilege must be stated clearly in all promotional materials and on tickets sold, so that a potential donor will know what portion of a particular payment to the University will be considered a deductible gift.

**4. Grants:** Information about external governmental and corporate contractual funding opportunities and proposal submission to federal and state agencies is available through the Office of Research Administration Office.

Contracts are reported to the Office of the Vice President for Finance and Administration and administered by the Office of Research Administration Office. Corporate grants which are donative in nature are handled by The Division of Development, Alumni and Community Engagement. For further information and assistance, contact the Director of Development Information Services.

## **5. Exhibits**

[Exhibit A – Gift Entry / Information Receipt Form](#)

[Exhibit B - Form A-1 \(Gift-in-Kind Review Form\)](#)

[Exhibit C – Form A-2 \(Gift-in-Kind Review Form for Gifts of Real Estate\)](#)

### **RELATED POLICIES AND FORMS:**

[Exhibit A – Gift Entry / Information Receipt Form](#)

[Exhibit B - Form A-1 \(Gift-in-Kind Review Form\)](#)

[Exhibit C – Form A-2 \(Gift-in-Kind Review Form for Gifts of Real Estate\)](#)

### **APPENDIX:**



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