

# **University of Mary Washington Foundation and the University of Mary Washington Gift Acceptance Policy**

## **Purpose of the Policy**

The University of Mary Washington strongly encourages the solicitation and acceptance of private gifts and grants which support its mission of teaching, scholarship, and community service. This policy therefore expresses the vital partnership between the University and the University of Mary Washington Foundation and the role and responsibility of each entity with regard to gift acceptance. At the broadest level, the University of Mary Washington Advancement Office is responsible for raising private gifts for the University of Mary Washington (UMW) while the University of Mary Washington Foundation is responsible for managing such funds.

This policy establishes guidelines to be followed in the solicitation, acceptance, and utilization of gifts in support of UMW. The policy addresses ethical practices, authority to negotiate and accept gifts, donor recognition, gift restrictions, endowment agreements, accounting and investment guidelines, and acceptance of outright and planned gifts by the University.

This policy outlines the administrative, legal and accounting practices and procedures to be followed in order to ensure that consistent and equitable relations are maintained with donors.

## **Standards of Ethical Practice**

All gifts to the University of Mary Washington must be directed through the University's Advancement Office in accordance with the provisions of this policy. It is the practice of the University to conduct its fundraising in a manner which encourages, informs, and assists donors while supporting the mission and priorities of the University of Mary Washington, but never pressures or attempts to unduly persuade prospective donors. Persons acting on behalf of the University will do so with fairness, integrity, ethics, and candor.

The Foundation's responsibilities include the management and administration of gifts received on behalf of the University. The Foundation is responsible for (1) the management and administration of all bequests, estates, trust arrangements and endowments for which the University or Foundation is the beneficiary; (2) investment of all funds and securities; (3) accounting and reporting for individual gift accounts; (4) valuation of gifts for U.S. Internal Revenue or Commonwealth of Virginia purposes; (5) compliance with Federal and State laws regarding such contributions; and (6) acceptance, management, and sale of real and personal property.

Individuals acting on behalf of the University or the Foundation may provide general legal and tax information obtained from reliable qualified sources to prospective donors, but donors should be advised to consult with and rely on the advice of their own professional advisors with respect to the legal and tax implications of gifts.

The University will not solicit any gifts that may jeopardize the Foundation's tax-exempt status.

- Persons acting on behalf of the University or the Foundation will disclose the role and relationship of each party involved in the planning or negotiation of gifts to the Foundation.
- Licensed professionals affiliated with the University or the Foundation may provide advice to donors for any proposed gift to the Foundation only after disclosure is made to the donor of such affiliation.
- Individuals acting on behalf of the University or the Foundation may not receive financial benefit from any gift to the Foundation, except for standard and reasonable fees to licensed professionals. Finders' fees and commissions will not be paid to persons engaged to contact or cultivate prospective donors or to promote gifts to the Foundation.
- Except as required by law, all information obtained from or about donors or prospective donors will be held in strict confidence by the University and the Foundation, and may be shared among University and Foundation staff members and Board members of either the University or the Foundation to the extent required to carry out their duties and responsibilities. Specific requests from donors for confidentiality or anonymity will always be honored.
- Generally, the Foundation may serve as personal representative, executor, or administrator of any estate, or trustee of any trust, for which it is a major beneficiary.
- The University will not solicit and the Foundation will not accept any gifts from any donor if the gift stipulates the designation of a specific named recipient (for example, a scholarship recipient).

### **Authority to Negotiate, Accept, Decline or Disclaim Gifts**

The President of the University or designee thereof has the authority to accept gifts made in accordance with the provisions of this policy. Such gifts will assist the University in carrying out its mission and goals. A gift may be declined or disclaimed if it: (1) is considered to be inappropriate, (2) would not serve the purposes of the University, or (3) the acceptance would be contrary to the provisions of this policy or other policies of the University, or contrary to any policy of the Foundation.

The Vice President for Advancement and University Relations of the University and the Chief Executive Officer of the Foundation are responsible for the development, maintenance, and oversight of procedures for the execution and adherence to the provisions of this gift acceptance policy.

The Officers may engage other professionals in order to make a judgment regarding the acceptance, rejection, or disclaimer of any gift. The Chief Executive Officer may refer any decision with respect to the acceptance, rejection, or disclaimer of any gift to the appropriate committee of the Foundation.

The Officers may delegate certain authorities to an employee of the Foundation or the University, provided such delegation is reported to the Foundation's Executive Committee or other appropriate committee.

### **Recognition of Donors**

Unless requested otherwise by donors, the University may publicly recognize donors. Requests declining public recognition will be documented and retained in the permanent files of the University.

Recognition of donors may be made on the basis of the value of the gift(s). The specific value of individual gifts will not be disclosed publicly, unless agreed to in writing by the donor. The value of gifts for public recognition may be categorized by ranges of value.

- Gifts will be recognized at values eligible for a charitable deduction from income for federal income-tax purposes.
- Recognition that includes the naming of a facility, college, school, department, program, faculty chair, professorship, fellowship or other specific naming opportunity in honor of a donor will be made in accordance with the naming procedures set forth in the "Named Gift Policy" of the UMW Board of Visitors.
- Written receipts will be provided to donors in a sufficiently timely manner to enable donors to comply with IRS regulations requiring charitable gift receipt documentation.

### **Gifts of Tangible Property**

The University and Foundation may accept gifts of tangible assets that are readily marketable and/or converted into cash at the discretion of the University and Foundation in order to provide the greatest amount of flexibility in meeting the mission of the University or the Foundation. Approval of the Foundation's Executive Committee is required to accept gifts of tangible assets with conditions, requiring retention, restrictions or limitations. The Foundation's Executive Committee may impose conditions on the acceptance of the gift. If the gift has such conditions, prior approval by the President or designee of the University is required in consultation with the appropriate University departments or committees.

## **Endowment and Gift Limitation Agreements**

The University will honor the donor's intent with respect to the use of any gift that does not conflict with the University's mission, provided the intent can be honored within the capabilities of University faculty and staff, facilities, and finances.

All endowed and restricted gifts that meet the criteria established in the University's "Named Gift Policy" will be documented in a written agreement. This agreement will include the terms and conditions imposed by the donor and will be signed by the donor and appropriate University and Foundation individuals.

## **Accounting and Investment Standards**

Endowed gifts will be invested in the Foundation's investment portfolio and governed by the Foundation's investment and spending policies. No distribution will be made from an endowment fund in which the total contributions are less than the minimum endowment amount. Earnings will be allocated to an endowment fund in accordance with the management policy.

The Foundation will maintain accounting records that are consistent with the standards set forth by the Financial Accounting Standards Board (FASB), and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as revised from time to time.

## **Guidelines for Acceptance of Outright Gifts**

All gifts made on behalf of UMW must be directed through the UMW Advancement Office. The University has the authority to accept outright gifts (those in which complete title of the gifted property vests immediately with the Foundation), including those gifts on which the donor has placed restrictions on distributions from the gift or limitations on the use of the gift. Costs associated with the transfer of gifts may be paid from proceeds resulting from the sale of the gift.

An appraisal by an independent qualified appraiser that meets the standards established by the IRS for deduction as a charitable contribution will be provided to the Foundation. For the donor's own tax purposes, the donor will pay the cost of the appraisal. The Foundation, for its purposes, may obtain an independent appraisal.

The UMW Foundation will accept outright gifts that have been directed through the University's Advancement Office in accordance with the following guidelines:

### **1. Cash and Publicly Traded, Marketable Securities**

Gifts of cash and publicly traded, marketable securities that can be converted to cash by sale on recognized security exchanges may be accepted without limitation by the Foundation. These gifts will be valued for gift purposes in accordance with IRS

procedures in effect for the determinations of charitable income-tax deductions. Gifts of publically traded stock will be sold upon receipt except in extraordinary circumstances.

## 2. Non-publicly Traded Securities

Gifts of stock in non-publicly traded corporations or limited liability companies, and interest in limited partnerships or joint ventures, may be accepted only if the Foundation determines that the asset can be sold within a reasonable period of time and is in the best interests of the University or the Foundation.

The Foundation will not accept any interest in general partnerships or other business entities in which the Foundation may be liable for debts, judgments, or other liabilities incurred by the business entity, unless approved by the Executive Committee of the Foundation Board. The Foundation will generally not accept a gift of a non-publicly traded security for which the Foundation may become responsible for the management of the entity that has issued the security.

Because of the specific knowledge required for each gift of non-publicly traded securities, the Executive Committee will have the right to set an appropriate minimum dollar amount deemed acceptable by the Foundation.

## 3. Real Estate

The President of UMW or designee thereof must approve all gifts of real estate.

The Foundation will accept gifts of real estate, including fractional interests, assignments of leases, leasehold interests, mineral rights, royalty interests, or other rights severed from the fee title. Because of the time and cost associated with administering and managing real property, the Executive Committee will have the right to turn down any gift of real estate.

Upon notification of a prospective donor's potential contribution of real estate, the Chief Executive Officer of the Foundation, or a member of the Foundation's Board, the Vice President for University Advancement and External Affairs or other persons acting on the Foundation's behalf, will make an on-site inspection of the property to make a preliminary assessment of the property based on the following criteria:

- There is no apparent environmental contamination that would require remediation by the Foundation;
- There is apparent legal ingress and egress;

- The property may reasonably be expected to be marketable in one year or less; and
- The property may likely be administered and managed by the Foundation or its agents at costs commensurate with the value and income that may be derived from the property during any period of time the Foundation may hold it.

A written report of the inspection and findings will be retained in the Foundation's files. Prior to the acceptance of the gift, the following will be acquired by the Foundation:

- Appraisal by an independent appraiser licensed in the state in which the property is located that meets the standards to support a charitable deduction for the gift, as prescribed by the IRS.
- A Phase I environmental assessment prepared by an independent firm licensed in the state where the property is located that reflects any environmental contamination for which the Environmental Protection Agency or state or local governing authority would require remediation.
- Verification that all liens and encumbrances are satisfied and title defects corrected prior to acceptance of title by the Foundation, and a commitment for an owner's title insurance policy issued by a title insurance company licensed in the state where the property is located.

Costs associated with obtaining the above documents will be the responsibility of the prospective donor, unless the Foundation agrees to pay part or all of the costs based on the value of the real estate to be given.

#### 4. Non-publicly Traded, Closely Held Business Interests

The Foundation will not accept gifts of non-publicly traded closely held business interests unless the Foundation determines that the business interest should be retained as an asset of the Foundation. The Executive Committee of the Foundation must approve all such gifts.

#### 5. Tangible Personal Property

Gifts of tangible personal property acceptable to the Foundation include gifts that the donor possesses or has the right to sell, give, or otherwise dispose of. Types of personal property gifts include, but are not limited to, works of art, taxidermy, stamp and coin collections, manuscripts, literary works, boats, motor vehicles, machinery, equipment, furniture, jewelry, computer hardware and software (only after a review indicates that the property is either readily marketable or needed by the University in a manner that is related to education, research, or a combination thereof). The Foundation will accept

gifts of personal property only if (1) the property is free of liens and encumbrances; (2) its physical condition is satisfactory to the University or Foundation; (3) the costs of relocating the property to the Foundation's possession are commensurate with its value; (4) the value of the asset has been established in writing by an independent appraiser or expert with knowledge of the current market for that asset.

## 6. Life Insurance Policies

The Foundation may accept gifts of life insurance policies by a transfer of ownership from the owner of the policy to the Foundation. The policy will be valued at the value recognized by the IRS for a charitable gift deduction at the time of transfer to the Foundation. The Foundation may exercise the rights of ownership of the policy at any time, including continuation of premiums on the policy if not a paid-up policy, redemption of the policy, conversion to a paid-up policy, conversion to an extended term policy, or any other ownership right under the policy. If the donor has expressed intent to pay future premiums due on the policy, such intent will be obtained in writing, and contributions for future premiums will be paid to the Foundation and remitted by the Foundation to the insurance company. Contributions from the donor for premium payments will be recognized as cash contributions to the Foundation at the time received by the Foundation.

A donor may designate the Foundation as a beneficiary or contingent beneficiary of a life insurance policy. The gift should be recognized at the time and in the amount of the benefit when paid to the Foundation.

## 7. Gifts of Other Assets

Gifts of assets for which guidelines have not been provided in this policy may be accepted with approval of the Executive Committee of the Foundation.

### **Guidelines for Acceptance of Other Planned Gifts**

The Foundation will accept planned gifts or any gift made by a donor by will, trust, or other legal instrument in which title to the property does not vest immediately in the Foundation. Such gifts may be revocable or irrevocable.

Irrevocable gifts will be recognized at values established and recognized under IRS regulations for charitable gifts for federal income-tax deductions. Revocable planned gifts will be recognized at the time the property passes to the Foundation.

Planned gifts generally acceptable by the Foundation include charitable bequests, retirement plans, charitable gift annuities, charitable remainder trusts, charitable lead trusts, remainder interests subject to life estates, and pay-on-death accounts.

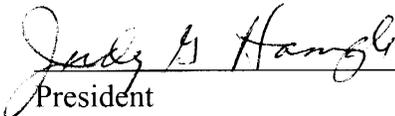
- Charitable Bequests and Retirement Plans. Donors can make charitable bequests to the Foundation in wills or living trusts, or they can name the Foundation as beneficiary of their retirement plans.
- Charitable Gift Annuities. The Foundation will accept contracts that are signed between the Foundation and the donor where Foundation assets back the income payments of a gift annuity contract. The annual payment to the annuitant is based on the donor's age and the fair market value of the contribution made by the donor even though the actual gift to the Foundation has a value less than the donor's contribution. The Foundation normally pays gift annuity rates as recommended by the American Council on Gift Annuities. Rates which deviate by more than .25 percent from the above noted schedule require the approval of the Executive Committee of the Foundation.
- Charitable Remainder Trusts, including Annuity Trusts and Unitrusts. The Foundation will accept annuity trusts where the donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in a trust agreement. The payout by the Foundation will be equal to 5 percent (or a percentage set by the Foundation's Executive Committee) of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. The Foundation will accept unitrusts, which provide for payment to the donor and/or beneficiary an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout by the Foundation will be 5 percent annually (or a percentage set by the Foundation's Executive Committee).
- Charitable Lead Trusts. The Foundation will accept lead trusts or gifts designed to generate periodic payments to the Foundation for a period of several years, after which the trust terminates and the assets pass to the designated individuals either outright or in trust.
- Remainder Interest Subject to Life Estate. The Foundation will accept gifts of a personal residence or farm while the donor retains a life estate, and the Foundation receives the remainder interest. A Maintenance, Insurance and Tax agreement (MIT) from the donor formalizing who is responsible will be required.

The guidelines for acceptance of gifts as set forth in this policy will be applicable to assets received through planned gift instruments. If representatives of the University participate in the process of establishing a planned gift, the donor will be advised of applicable policy provisions so that the planned gift documents will conform to this policy. In instances in which

the University has no knowledge of the planned gift until the terminating event occurs, consideration will be given to disclaiming any asset that does not conform to this policy.

The University will advise prospective donors that they should engage professional representation and that costs associated with the preparation of all required legal documents must be paid by the donor in order to ensure that the interests of the donor are represented.

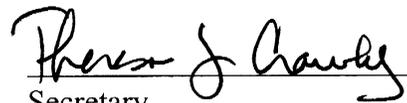
All costs associated with the administration of and distribution from a planned gift instrument, except for gift annuities administered by the Foundation, will be paid from the assets or income of the trust, estate, or other applicable legal arrangement used for the planned gift. If the planned gift includes provisions for the establishment of an endowment fund transfer to an existing endowment fund, or other limitations on the use of the gift, the gift assets may be used to cover any costs.

  
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President  
University of Mary Washington

  
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Rector of the Board of Visitors  
University of Mary Washington

  
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Vice President for Advancement and University Relations  
University of Mary Washington

  
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Chief Executive Officer  
UMW Foundation

  
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Secretary  
UMW Foundation

*Adopted on November 20, 2009, by the University of Mary Washington Board of Visitors, and on October 23, 2009, by the Executive Committee of the Board of Directors of the UMW Foundation.*