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| James Madison University Foundation Policies and Procedures Manual | **Section 20000** |

# 20100 GIFT ACCEPTANCE

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| Policy Approved By:  | Board of Trustees |
| Governance Oversight By: | Development Committee  |
| Issuing Date: | 02/11/2015 |
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| Responsible Officers: | Chief Executive Officer |
| Related Topics:  |  |

**PURPOSE**

This policy provides direction for the acceptance of gifts to the James Madison University Foundation, Inc. (JMUF) for the benefit of James Madison University (JMU).

**AUTHORITY**

The University is the primary gift solicitation organization although the JMUF may assist in fund-raising activities designed to grow the endowment. The JMUF Board is the recipient and custodian of private gifts for benefit of the University. The Foundation, a 501(c)(3) organization was established in 1969 to act on behalf of the University as fiduciary in the administration and fiscal management of private support received from the University’s donors. The JMUF has the authority to receive gifts, grants, conveyances, devises, and bequests, whether real or personal property, in trust or otherwise, for the designated or undesignated use or benefit of the University. The Board delegates to the Foundation’s Chief Executive Officer the responsibility for implementing policies and procedures governing gift acceptance.

**DEFINITIONS**

**Gift -** A gift is defined as a voluntary transfer of money or property of value made by a donor without expectation or receipt of an economic benefit commensurate with the money or property transferred and to which no commitment of resources or services has been made.

To determine the acceptability of a gift, gifts are considered based on the following:

* the **category** in which the gift is aligned for review purposes to determine if the gift will be accepted (category I, II, III),
* the monetary **amount** or value of the gift,
* the gift **type** (outright and planned gifts as well as pledges), and
* the gift **instrument** (cash, publicly traded securities, closely held securities, personal property, real property and etc.).

**Gift Acceptance Committee –** This committee is an advisory committee to the chief executive officer of the JMUF who is the final authority regarding matters of gift acceptance. The committee is comprised of the following:

* The JMU Foundation CEO (Co-chair)
* The Vice President for Advancement (Co-chair)
* The Assistant Vice President for Development, or in those cases when a gift to the athletic program is being considered, the Senior Associate Athletic Director for Fundraising and External Development
* The Associate Vice President for Advancement Information Services
* A University appointee from the Department of Administration and Finance
* (As Needed) Subject matter experts from relevant departments

**Gift Agreement –** A gift agreement is a written document executed between the donor and the University/Foundation. The agreement identifies the donor and establishes the donor’s financial commitment. The document also includes the donor’s purpose and intent, a payment schedule if one is to be created, a provision for future gifts, recognition by the University/Foundation, an allowance for future changes, and a process for agreement modification. The gift agreement is intended to clarify donor intent and expectations and to provide the information necessary to determine the acceptability of the gift as prescribed by this policy.

**Quid Pro Quo Gift** –Quid Pro Quo gift is a payment made to the Foundation by a donor partly as a gift (contribution) and partly for goods or services provided to the donor by the University or Foundation.

**POLICY**

The Foundation is legally obligated to adhere to the terms and conditions of each gift. Consequently, donor intent and gift terms must be evaluated to be sure they are feasible, do not unduly hamper the usefulness and desirability of the gift, and are in conformity with Foundation policy.

The acceptance of all gifts, irrespective of category or type, is conditioned upon consistency with the University’s mission and strategic interests as well as the acceptability of donor restrictions. Donor restrictions that violate Federal or State laws, IRS regulations, or the Foundation’s ethical standards, or call for inappropriate or illegal discrimination based on age, color, disability, genetic information, national origin, parental status, political affiliation, race, religion, sex, sexual orientation or veteran status shall be deemed unacceptable. [[JMU Policy 1302](http://www.jmu.edu/JMUpolicy/1302.shtml)]

It is the responsibility of development officers and/or University administrators to present gifts with unique restrictions or with Quid Pro Quo benefits to Foundation executive management for review.

Once a determination is made that a proposed gift is consistent with the University’s mission and strategic interests as well as the Foundation’s standards, a potential gift will then be evaluated based on its immediate utility or its liquidity. While there may be occasions when a proposed gift might be held for investment or strategic purposes, generally, a gift should be either useful to the Foundation/University in the form it is offered, or easily converted by the JMUF to cash. The JMU Foundation and the University affirmatively reserve the right to not accept gifts that have no immediate utility, from which little or no financial gain may be realized, or which may be accompanied by significant financial or other burdens prior to liquidation.

**Gift acceptance review procedure**

In order to administer the acceptance of a broad array of gifts and to follow established policies and procedures in an efficacious manner, gifts will be reviewed based on the type and amount of the gift.

**Gift Categories**

**Criteria I – No review necessary**

Criteria I largely incorporates cash gifts and marketable securities to established accounts. Gifts in this category are processed immediately by the Office of Advancement Gifts and Records.

 **Criteria II – Moderate review**

Criteria II gifts include all those gifts requiring the establishment of a new gift account as well as other contributions from sources such as, but not limited to, donor advised funds, qualified charitable IRA distributions and payments from private foundations.

Gifts in this category require review by and through the Director of Major Gifts, the Assistant Vice President for Development (as applicable, the Senior Associate Athletic Director for Development) and the Assistant Vice President for Advancement Information Services and related subject matter experts. The Chief Executive Officer of the Foundation has final gift approval before being processed by the Office of Advancement Gifts and Records.

**Criteria III – Full review**

Intended for all complex major gifts and/or complex planned gifts, especially if there is considerable financial impact on the institution. This review will consider a proposed gift in the context of this gift acceptance policy and will require an affirmative written recommendation by the Gift Acceptance Committee to the Chief Executive Officer of the Foundation.

**Monetary Amount**

Pledges to current gift accounts and new gifts of $25,000 or more will be documented in a written gift agreement, signed by the donor and the authorized representatives of the university, outlining the program to be supported, and the schedule of contributions.

Pledges to current gift accounts and new gifts of less than $25,000 may also be documented through a gift agreement signed by the donors or an acceptable form of written communication, such as a signed letter, pledge form, memorandum of understanding or email from the donor.

Naming opportunities are under the purview of the University. [JMU Policy 5103]

**Academic/Student Services Programs**

All gift agreements of $250,000 or more in support of academic programs require the signed approval of:

* The donor or donors
* The dean or administrative director of the program
* The University’s chief academic officer or university vice president who will administer the gift
* The Vice President for University Advancement
* The Chief Executive Officer of the JMUF

For gifts of less than $250,000 in support of academic programs where a gift agreement is used:

* The donor or donors
* The Vice President for University Advancement
* The Chief Executive Officer of the JMUF

**Athletic Programs**

All gift agreements of $250,000 or more in support of athletic programs require the signed approval of:

* The donor or donors
* The University’s director of athletics
* The University’s chief financial officer
* The Vice President for University Advancement
* The Chief Executive Officer of the JMUF

For gifts of less than $250,000 in support of athletic programs where a gift agreement is used:

* The donor or donors
* The University’s director of athletics
* The Vice President for University Advancement
* The Chief Executive Officer of the JMUF

**Gift Type**

There are generally four types of gifts: outright gifts, gifts with quid pro quo benefits, planned gifts and pledges. Within each of these gift types various gift instruments may be used. Guidelines and/or procedures have been developed for many of these gift types and forms to assist University and Foundation personnel in determining the acceptability of a gift. Development officers should consult the Foundation staff in those instances when a guideline/procedure is not available.

**Outright gifts**

Outright gifts are voluntary irrevocable transfers of items of value to James Madison University or the James Madison University Foundation, Inc. in the form of cash, securities or other property where no goods or services are expected, implied or forthcoming for the donor. The donor may restrict the use of the gift or designate it for a particular purpose or program; however, once the gift is accepted, the donor has no direct decision-making power regarding the gift.

**Gifts with quid pro quo benefits**

A "quid pro quo" gift is one made partly as a contribution and partly in consideration for goods and services provided to the donor by the University or Foundation.  A donor may only take a charitable contribution deduction to the extent that his/her contribution exceeds the fair market value of the goods or services received in return for the contribution. If the donor declines all goods or services in writing at the time the gift is made then the total amount of the gift is a charitable contribution. (IRS regulations require the University and Foundation to provide the donor with specialized acknowledgement language.)

*Gifts originating from a Private Foundation, Donor Advisory Fund or Qualified Charitable IRA Distribution will not be accepted if the gift involves Quid Pro Quo benefits unless the benefits have been declined in writing at the time the gift is made.*

**Planned gifts**

Planned gifts by definition are gifts whose values are deferred until either the death of all named beneficiaries or for a period of years.

**Gift pledges**

A gift pledge is a written commitment for a specific dollar amount that will be paid according to a fixed time schedule typically not to exceed five (5) years. In some circumstances, and only with the authorization of the University’s Vice President for Advancement, a pledge payment schedule may exceed five (5) years. Oral pledges are not accepted. All pledges must have the written authorization of the donor.

**Gift Instrument**

Gifts may take many forms including but not limited to the following:

**Cash and cash equivalents**

Cash, checks, credit card, debit card, wire, ACH or other means of electronic transfer.

**Securities – marketable**

Public equities, corporate and government bonds.

**Real property and related revenue**

Personal residence, land, life estate agreements, undivided remainder interests in property, oil, gas and mineral interests and related royalties.

**Tangible property**
Collections of art, books, coins or movies; cars, boats and aircraft; food or other items used for hosting dinners, etc.; hardware, software, software licenses; long-lived assets; equipment; materials; and, printed materials.

**Intangible property and related revenue**
Intellectual property – patents; copyrights of cultural, artistic and literary works and related royalties; and, computer software under development.

**Planned gifts – irrevocable**

Life income agreements - charitable gift annuities, charitable remainder unitrusts, charitable remainder annuity trusts; charitable lead trusts, life insurance, retirement account distributions, retained life estate.

**Planned gifts - revocable**
Bequest or devise by will, life insurance beneficiary, and retirement plan beneficiary.

**Business interests**
Closely held stock, and partnership interest.

**Third party distributions**
Donor advised funds, private foundations, qualified charitable IRA distributions and corporate matching gifts. There are potential negative tax consequences to the donor and others when a gift with quid pro quo benefits is made through these vehicles.

*Gifts originating from a Private Foundation, Donor Advisory Fund or Qualified Charitable IRA Distribution will not be accepted if the gift involves Quid Pro Quo benefits unless the benefits have been declined in writing at the time the gift is made.*

**Pledges - promises to give and intentions to give**
Unconditional pledges, challenge/conditional pledges, third-party intentions (donor advised funds, matching gifts). Donor advised funds cannot be used to satisfy a personal pledge.

**Other gifts**
Bargain purchases, contributed services, compensatory services rendered, philanthropic grants, sponsorship income, tribute gifts, volunteer out-of-pocket expenses, JMU affiliate gifts.