UNIVERSITY OF RICHMOND COMPREHENSIVE GIFT ACCEPTANCE POLICIES, GUIDELINES AND INFORMATION

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GIFT ACCEPTANCE COMMITTEE

A Gift Acceptance Committee (the "GAC" or "Committee") has been formed to review proposed Gifts-In-Kind to University of Richmond. The Committee will represent the University's interest in evaluating the property for a use related to the University's mission. Proposed Gifts-In-Kind shall be made to the University (not to an individual faculty or staff member or student) and shall be consistent with IRS rules and regulations governing charitable gifts.

Gifts that fall under this committee's review include tangible personal property, and other assets, including gifts of books and collections for the library, and works of art. The category "other assets" can include, but is not limited to, life insurance, intellectual property, closely held stock, partnership interests, and restricted securities.

The Committee will be made up of the Vice President for Finance and Administration, the Associate Vice President and Controller, the University's General Counsel (ex-officio), the Vice President of Advancement, the Assistant Vice President for Advancement Systems, Assistant Vice President for Development, Director of Development, Director of Gift Planning, , and Directors of the schools or departments offered the gifts (ex-officio). ***It is the responsibility of any gift officer, or any member of a university school or department who is offered a gift, to bring proposed gifts subject to this policy to the Gift Acceptance Committee prior to accepting the gift.***

1. TANGIBLE PERSONAL PROPERTY

GUIDELINES

The Gift Acceptance Committee has established guidelines and procedures for accepting gifts of tangible personal property (e.g., artwork, rare books, coin and stamp collections, musical instruments, theatrical props, furniture, fixtures, and equipment) donated to various departments within the University of Richmond. The department or program wishing to accept a Gift-In-Kind will be responsible for acknowledging the gift on behalf of the University if the Gift Acceptance Committee approves it for acceptance and will notify the Offices of Gift Planning and Advancement Data Services at the time they learn of the intended gift.

- ♦ Gift-In-Kind must be deemed by the Gift Acceptance Committee to be of general or specific value to the University prior to formal acceptance. Gifts not deemed to be of general or specific value to the University will be returned to the would-be donor by the department holding the goods.
- ♦ Gifts-In-Kind with a total value of less than $5,000 need not be processed through the Gift Acceptance Committee. Gifts-In-Kind with a value less than $5,000 shall be recorded on the University's financial records at the donor's

estimated value or at fair market value if independent verification of that value of the gift is provided. Independent verification includes written qualified independent appraisal of the donated property in accordance with IRS regulations, a vendor's invoice indicating the item's cost to the vendor in order to substantiate the fair market value of the goods donated or the donor's original purchase price and a Deed of Gift form. In all cases, the donor is responsible for securing and/or paying for the appraisal.

- Gifts-In-Kind with a value exceeding $5,000 that have been reviewed and approved by the Gift Acceptance Committee shall be recorded on the University's financial records at the appraised value. The Gift Acceptance Committee shall require the donor to provide a copy of the qualified written appraisal of the donated property in accordance with IRS regulations in order to substantiate the fair market value of the goods donated and a Deed of Gift form.

2. LIFE INSURANCE

GUIDELINES

- The University will accept gifts of life insurance as long as the University is named as owner and beneficiary of the policy. In addition, the University shall request a copy of the contract.

- If a policy is a "vanishing premium" policy, then the gift officer shall clarify with the donor the risk of "reappearing premiums" if assumed interest rates or dividends decrease. Often premiums vanish only to reappear later when an economic environment becomes less favorable. Annual illustrations shall be requested for these types of policies.

- If a fully paid whole life policy is given, the donor may deduct for income tax purposes the lesser of the fair market value of the policy or the net premium paid. If the policy is new, the donor may deduct for income tax purposes each year the amount of the premium paid. University of Richmond prefers that the University pay the premiums when notices come to the University as owner, with the donor then making a gift to the University in the amount of the premium. This process will maintain a clear audit trail for the substantiation of gifts.

- The University may choose whether to continue making premium payments, with offsetting gifts from the donor, or to surrender a policy for cash.

3. OTHER ASSETS

GUIDELINES

The Gift Acceptance Committee will consider gifts of other assets, including but not limited to intellectual property, promissory notes, assignment of promissory notes, partnership interests, and restricted or non-publicly traded securities, only after a thorough review of the criteria set forth below.

- Market Value and Marketability. The Gift Acceptance Committee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the University would receive if the proposed gift were approved. Gift officers will inform the donor that, if the gift is completed, the IRS will require a qualified independent appraisal made earlier than sixty days prior to of the date of gift or later than the date the donor files his/her income tax return including any exclusions. In the event that there is no immediate use for the proposed gift, the appraisal and other information must indicate clearly and convincingly that there is a market for the asset under consideration and that the asset can be sold within a reasonable period of time.

- Limitations and Encumbrances. The existence of any and all encumbrances and other limitations of record must be disclosed. No gift of an interest in such property will be accepted until all encumbrances have been discharged, except in very unusual cases where the fair market value of the University's interest in the property net of all encumbrances is substantial or where a separate agreement to pay any such encumbrances which might be charged to the University has been executed by a financially responsible party.

- Carrying Costs. The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes and insurance, must be disclosed.

Approval/Acceptance Process

- The gift officer shall complete the written Gift Proposal Summary and submit that summary to the Gift Acceptance Committee through the Director of Gift Planning. At a minimum, the summary shall include the following information:

    - Description of the asset;
    - The purpose of the gift and the department(s) or program(s) to benefit from the gift;

- An estimate or appraisal of the asset's fair market value and marketability;
- Potential for income and expenses, encumbrances, and carry costs prior to disposition;
- Any environmental risks or problems revealed by audit or survey;
- Credit history or financial statement of financially responsible party, if applicable;
- Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time duration prior to disposition, potential buyers, etc.).
- The Director of Gift Planning will retain a copy of all files associated with these processes.

♦ The Gift Acceptance Committee will review the material presented by the gift officer or other appropriate departmental official and make a determination as to whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The final determination of the Gift Acceptance Committee shall be communicated to the gift officer or other appropriate departmental official in writing by a member of the Gift Acceptance Committee. The gift officer or other appropriate departmental official shall communicate the University's decision to the donor in writing including any conditions imposed by the Gift Acceptance Committee prior to acceptance.

♦ If a proposed gift of an asset in this category is approved by the Gift Acceptance Committee, the gift officer or other appropriate departmental official will acknowledge receipt of the gift on behalf of the University. The University will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of assets valued in excess of $5,000 ($10,000 for non-publicly traded stock).

♦ The gift will be completed by the execution and delivery of a Deed of Gift or other appropriate conveyance, and the delivery of the property, as applicable. The donor will pay the costs associated with the conveyance and delivery of the gift. In addition, the filing of Form 8283 (instructions) by the donor is required by the IRS for gifts of assets valued at more than $500. This form will be prepared by the Controller's Office and forwarded to the donor along with instructions for its inclusion on the donor's tax return.

Disposition

- If there is no specific use for an accepted gift in this category, the Gift Acceptance Committee will determine how the University will dispose of the gift with consideration given to restrictions on disposition, including minimum sales price and approval or rejection of any special written arrangements with the donor.

- The Gift Acceptance Committee must first be consulted before a previously accepted gift may be sold for less than appraised value or estimated fair market value, or fails to meet the guidelines imposed by the Gift Acceptance Committee when approving the gift, as the case may be. If, in the judgment of the University department responsible for disposing of the gift, a current appraisal of the property would assist in disposing of the property, the University department responsible for disposing of the gift may request permission from the chair of the department to have the appraisal performed.

- Upon sale of the property, the University department responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds received, and distribute it to the Director of Gift Planning, the Controller's Office, and the designated representative of the department to benefit from the gift. The net proceeds received shall be sent to the University cashier in accordance with the Controller's cash control procedure.

- The Controller's Office is responsible for filing Form 8282 for gifts of tangible personal property valued at more than $5,000 sold by the University within three years of the date of gift.

Procedures

- When a gift and/or a gift-in-kind is accepted, a Deed of Gift will be provided to the donor.
- The donor will sign the deed of gift, return it to the University, and make transfer arrangements for the property.
- When the property arrives, the receiver will sign the deed of gift confirming that the property was delivered along with any notes as to its condition.
- The executed deed of gift will be given to the Staff Accountant in the Controller's Office who will provide a copy to Advancement Data Services for gift processing.
- If the property is valued in excess of $5,000, the donor will be responsible for obtaining a written qualified independent appraisal in order to substantiate the gift with the I.R.S. The appraisal must be dated no earlier than 60 days before the deed of gift or no later than the date the donor files his/her income tax

return including any exclusions. A copy of the appraisal shall be sent to the Controller's Office.

- The Controller's Office will send appropriate tax information to the donor in a timely manner with all necessary tax forms included.
- The Controller's Office will enter the gift in Banner Finance at its appraised value, and will provide a copy to Advancement Data Services for gift processing.
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ITEMS TO BE INCLUDED IN AN INDEPENDENT QUALIFIED APPRAISAL

Per Section 170 of the Internal Revenue Code

- Full description of the property.
- The physical condition of any tangible property.
- Date (or expected date) of contribution.
- List how the property will be used by the University.
- Name, address, and taxpayer identification number of the appraiser.
- Qualifications of the qualified appraiser.
- A statement that the appraisal was prepared for income tax purposes.
- Date (or dates) property was valued.
- The appraised fair market value (one figure, not a range) on the date (or expected date) of the contribution.
- Method of valuation (income approach, comparable sales or market data approach, replacement cost less depreciation, etc.)
- The specific basis for the evaluation
- Name, address, taxpayer identification number of the donor
- Manner and date of acquisition and cost basis
- Name, address and tax ID number of donee (University of Richmond tax ID # is 54-0505965)

For additional information, refer to IRS Publication 561, Determining the Value of Donated Property. For complete information, please encourage donors to consult their tax advisor.

GIFT PROPOSAL SUMMARY

Subject: Proposed Gift **Date:**

To: Gift Acceptance Committee **From:**

Description of the proposed gift:

The purpose of the gift and the department or program to benefit from the gift:

The estimate or appraisal of the gift's Fair Market Value and marketability:

Special Arrangements:

Potential for income and expenses, encumbrances, carrying costs, if applicable:

Environmental risks or problems revealed by audit or survey, if applicable:

Company credit history or financial statement, if applicable or relevant:

RECOMMENDED DECLINED

____Date:____________________________

Chair, Gift Acceptance Committee

Insert updated Gift in Kind Form

LIBRARY GIFT ACCEPTANCE INFORMATION

The University of Richmond Libraries follows university and IRS guidelines for monetary gifts. The library also accepts gifts in kind - books, cds, manuscripts, maps, photos, etc. They accept all gifts, but do not promise to keep them. If a potential donor contacts us with details of a potential gift, we let her/him know whether the item will be added to our collection. (Even so, the library simply cannot promise that they will always keep it.) Most gifts, however, are just sent in, and the library staff checks to see if they have the item already, or if they want to acquire the item. After consulting library subject specialists and perhaps faculty members or special collections curators, they'll either add the item or dispose of it. If the item has an appraised value it is kept for the time required by the IRS.

GIFTS OF REAL ESTATE

ACCEPTING GIFTS OF REAL PROPERTY - GUIDELINES

On average, about 35% of assets owned by families across the country are real estate assets, yet only about 2% of all charitable giving is in the form of real estate gifts. Richmond alumni and other prospective donors have significant wealth tied up in real estate, yet the University has tended not to aggressively seek out such gifts. Going forward, the University will search for such gifts with greater interest, balanced by appropriate caution based on the inherent complexities and risks of such potential gifts. In particular, prospects considering real estate gifts will be asked to understand that the University must pay special attention to environmental liability risks, marketability risks, and the possible costs of holding real estate pending sale.

The University will consider gifts of real property including single- and multi-family residences, condominiums, apartment buildings, and other income-producing property, farms and ranches, and possibly other real estate assets as well. The University will also accept partial interests in such real estate, provided that such interests can be readily sold. University of Richmond will consider outright gifts of real property as well as gifts subject to a retained life estate, gifts for a charitable remainder trust, gifts in exchange for a charitable gift annuity, and bargain sale gifts after assessing the expenses and risks associated with receiving a gift of property in comparison to the value of the gift to the university.

The university retains the right to refuse a gift during negotiations without incurring cost or liability. Possible exposure to environmental liability and possible challenges in marketing the property could be reasons for such a refusal to consider a gift.

When considering potential gifts of real estate, the University will take into account all expenses it might incur, and will project likely net proceeds to come to the University, whether by way of an outright gift or a deferred gift. The net value of the gift to the University – taking into account all appropriate expenses -- discounted to present value (i.e. in today's dollars), should project to at least $50,000 for the University to consider the gift.

The general practice of the university is to sell all gifts of real estate as soon as possible. Any sale occurring within three years of the date of gift shall be reported to the IRS on Form 8282 as required by law.

Process

All proposed gifts must be reviewed by the Gift Acceptance Committee. The Director of Gift Planning will work with the donor and the VP for Finance's office to obtain all necessary information for review before a gift can be accepted. Donors will be advised of the time frame to expect in reviewing a potential gift of real property.

- ♦ The donor must submit a "Real Estate Checklist," (attached) completed as fully as possible. The purpose of the checklist is to gather basic information about the property, surface possible environmental issues, and understand the possible costs of holding the property.

- ♦ A representative of the University, usually an employee, will generally visit the property to assess potential risks before incurring the expenses associated with further consideration of the real estate gift possibility.

- ♦ University representatives will be especially interested to learn of any environmental problems or pending claims pertaining to the property or abutting properties. If the gift review process proceeds, a Phase I environmental assessment will be required. (In rare situations, this requirement might be waived by the VP for Finance.) Unless the donor offers to pick up this expense, the University will pay for this environmental assessment. (The purpose of the assessment is to protect the University's interests.)

- ♦ The university should secure documentation that the donor holds clear title to the property, e.g. deed, attorney's title opinion, insurance policy, survey. Assuming these documents indicate the donor holds clear and marketable title, the university will generally obtain title insurance at the time the property is conveyed.

- Donors must provide, at their expense, an independent, qualified appraisal for tax purposes. In some cases Richmond may want to obtain its own independent appraisal. Although a recent appraisal may be used for the purposes of gift acceptance, donors should be notified that they need to obtain a qualified appraisal dated not earlier than sixty days prior to the date of gift, and not later than the date on which the tax return claiming the deduction is filed.

- In many cases, it will be important to gather a further assessment of the marketability of the property. This could be in the form of an independent appraisal commissioned by Richmond, or a marketing study from a local realtor or real estate consultant.

- Gifts of real estate will generally not be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged. (However, if the value of the property net of mortgages and the like is sufficient, the university might consider accepting the gift.)

- In many instances, especially when Richmond gives value (such as a gift annuity, charitable remainder trust, or bargain sale) in exchange for real estate, the university should approach the exchange as if it were paying cash for the property.

- Donors should be asked to sign an environmental indemnity agreement.

- For gifts of property subject to a retained life estate, the university will require the donor to continue to maintain the property, pay real estate taxes and any association fees or assessments, pay for insurance on the property, utilities, and repairs. Responsibility for capital improvements may be apportioned between the donor and the University, based on life of the improvement and life expectancy at the time of the donor. A Memorandum of Understanding will be signed by the university and the donor covering these topics and others.

- For gifts of property to fund a charitable remainder trust, Richmond may act as trustee. Donors funding FLIP charitable remainder trusts will be encouraged to act as their own trustee until the property is sold. (As a rare exception Richmond might consider acting as trustee until the property is sold.)

- Gifts of real estate to fund charitable remainder trusts should not be mortgaged property, or subject to an obligation to sell the property since the IRS looks upon the later situation as the donor having sold the property, resulting in negative tax consequences for the donor.

- For gift annuities, prospective donors will be encouraged to defer receipt of annuity payments at least one year, to assure liquidation of the property. In most cases, donors will be informed that the annuity rate offered will be discounted from the university's usual schedule of rates to take into account the risks and expenses associated with disposing of the property.

Gift Acceptance

Richmond will prepare a Gift Acceptance Agreement describing the conditions and special arrangements of the gift, which the donor would be asked to countersign as a "letter of intent," to indicate that they are serious about a gift of the property to Richmond. Once the parties have agreed on the structure (outright, bargain sale, etc.) and timing of the gift, subject to continued due diligence, the university could then proceed with a Phase I study.

If the gift is accepted by the University, the Director Gift Planning, or another member of the Advancement Office, will communicate the university's decision to the donor in writing, working with the donor to complete and obtain all necessary paperwork including an appropriate deed of conveyance (through an attorney in the state where the property is located).

Once the property has been properly recorded, the Advancement Office will acknowledge receipt of the gift.

Disposition

The Vice President for Finance and Administration must authorize the sale of the real property unless it has been transferred to a charitable remainder trust. In that case the trustee of the trust will authorize the sale.

University of Richmond

Proposed Gifts of Real Property

Checklist for Considering Acceptance

Property is____Gift to UR ____Asset to fund a life income gift ____Retained Life Estate
(if known)

1. Name of Donor(s)____

   Address____

   ____

   Phone ______________________________ ________________________
   Work phone Home phone

   Best time to call? ____

   Email address ____

   Location of property: ____

   Ownership: (fee simple, joint tenancy, etc.) _____________________________

   Purchase date: ____

   Cost basis (including improvements):_________________________________

   Does a mortgage exist on the property?_______________________________

   Has property been depreciated? _____________By what method? ___________

   If professional services are used (realtors, appraisers, environmental engineers, etc.), how should arrangements be made to gain access to the property?

____

____

____

   Property Manager:_____________________________ __________________
   Name Phone

   Donor's Attorney:_________________________ ________________________
   Name Phone

   Donor's Accountant_______________________ ________________________
   Name Phone

Assessor's Parcel Number: ____

Brief property description:

A. ____Residential

____Donor's home ____Multi-family ____Seasonal home ____Rental property

B. ____Commercial, please describe: ________________________________

C. ____Previous uses of property, describe:____________________________

____

D. ____Undeveloped land, please describe: ____________________________

____

Area Description: ____

____

____

Are any of the following on the property? Or in the immediate area? Please check if yes:

____Gas Stations

____Factories

____Landfills

____Underground storage tanks

____Any other potential environmental "red flags"

____Storage sheds

Please provide details for any of the items checked above:

____

____

Property cash flow (please attach copies of most recent annual income statement, current rent rolls, and copies of all existing leases involving the property).

Projected Annual Revenue $____________

Projected Annual Expenditures ($____________)

Projected Net Cash Flow $____________

Value and Marketability of Property:

A. Executor/trustee estimate of fair market value $____________

Basis for opinion? ____

B. Any recent sales of neighboring properties? If yes, describe:

____

____

C. What is the property tax assessment? $____________

D. Have there been any appraisals or realtor market analyses performed on the property in the past two years? If yes, please list dates and values given:

______________________________ $____________
Date

______________________________ $____________
Date

E. Has the property been on the market recently?______________________________

F. Property Liens

(1)First mortgage______________________________ Balance due: $______

(2)Other liens, please describe: ______________________________

(3)Easements, please describe:______________________________

G. Maintenance needing immediate attention, please describe and include estimated cost:

____

____

Has owner made plans to do repairs? ______________________________

H. Major expenditures that may be required per statutes of local, state, or federal government. Please describe any known code requirements that the property may not be in compliance with and the estimated cost to correct:

Earthquake Protection:

Environmental:____

Other governmental Requirements (Fire, Flood, etc.):________________________

____

Is there the following on the property?

____Asbestos

____Urea Formaldehyde Insulation

If yes to either of the above, please give details as to extent and location.
Also describe local requirements (i.e. removal prior to sale, full disclosure, etc.)

____

____

____

I. Is property insured? ________

If not, please explain: ____

____

____

Materials to get from executor/trustee, if applicable:

____Pictures of property

____Most recent tax bill

____Appraisals and market analyses

____Engineering reports

Please list names and phone numbers of realtors that donor recommends who would be potential marketers of the property:

____

____

Does donor have names of potential buyers of the property? If yes, please list with phone #:

____

Is there a pre-arranged sale agreement? ______________________________

Gift Acceptance Committee comments on whether or not to accept property:

____

____

____

____
Name and Title

Acceptance or Non-acceptance of the property:

APPROVED	**NOT APPROVED**	
Vice President for Finance and Administration	Vice President for Finance and Administration	Date
Vice President for Advancement	Vice President for Advancement	Date

THINGS TO CONSIDER WHEN DONORS OFFER GIFTS OF REAL ESTATE

There are a wide variety of options available when donors use real estate to fund charitable gifts. While University of Richmond (and other charities) cannot accept every gift of real estate that is offered, many real estate gifts are wonderful win-win vehicles for Richmond and the donor.

Please ascertain whether the property is residential or commercial, and if a mortgage exists on it. If the property is commercial, bring the matter to the planned giving office's attention right away. If residential, please help us determine the donor's financial needs and objectives:

(1) If the donor lives in the property, does she want or need to move?

(2) Does the donor need to realize principal from the sale of the property in order to move or does the donor have adequate additional assets to cover the cost of the move?

(3) Does the donor need or want income from the property?

(4) What is the approximately value of the property, and what is the donor's basis in the property? Do they have long-term capital gain of more than $250,000 per owner ($500,000 for a couple)? If so, there will be capital gains tax implications in any sale.

There are charitable gift options available regardless of the yes or no answers to these questions. Those questions will simply help us find the best option(s) for the donor.

BENEFITS OF DIFFERENT TYPES OF REAL ESTATE GIFTS

Outright gift to charity(ies).
- income tax deduction
- avoidance of capital gains
- asset is removed from donor's estate

Retained life estate
- income tax deduction
- donor continues to pay taxes, insurance and maintenance and lives in the property until death
- asset is removed from donor's estate
- can accelerate the gift for additional deduction if donor needs to move

Bargain sale to charity(ies)
- part gift part sale; donor gets some cash and an income tax deduction
- some capital gain may be realized if over the exclusion
- asset is removed from donor's estate

Use home to create an income stream (charitable remainder trust)
- donor must move (does she have enough cash to move without proceeds from sale of this asset?)
- trust sells property, pays donor lifetime income
- income tax deduction for portion of the value (is her income large enough to absorb it over six years?)
- capital gain is avoided at transfer until it is paid out of the trust as income
- can name multiple charitable beneficiaries
- asset is removed from donor's estate

Use home to create an income stream (charitable gift annuity)
- donor must move from the property
- In case where donor wishes to remain, they must pay market rent
- donor deeds property to Richmond and Richmond sells the property
- Richmond issues gift annuity with a reduced rate to cover market risk and selling expenses
- some capital gain is avoided; the rest is returned over donor's life expectancy
- income tax deduction for a portion of the home's value
- asset is removed from donor's estate

Retained Life Estate and Gift Annuity Combined
- donor can deed property to Richmond at death, obtain income tax deduction AND an income stream for life
- donor does not have to move

- Richmond issues gift annuity at reduced rate
- some capital gain avoided, same as above
- income tax deduction same as above
- asset removed from donor's estate

Donors sell property (if it is a personal residence) and donate some of the proceeds to charity

- if capital gain in property is less than $500,000 for a couple ($250,000 for an individual), donor may be able to sell without capital gains tax liability
- cash can be given outright to charity(ies) or used to fund life-income gift(s)
- income tax deduction when charitable gifts are made

Use portion of home to fund charitable remainder trust and sell remaining portion

- donor must move, but they will realize a portion of the income from sale of the home to help them move (another form of a bargain sale)
- trust will pay donor lifetime income
- income tax deduction
- capital gain may be realized on sold portion if it is larger than the exclusion amount

PLANNED GIVING GIFT ACCEPTANCE POLICY

CHARITABLE GIFT ANNUITIES

Age Constraints/Minimum Gift Amount

An income beneficiary must be sixty (60) years old in order to be issued an immediate charitable gift annuity. Deferred payment gift annuities will be issued to donors younger than sixty or those over sixty wishing to defer payments to a later date. The minimum amount for a charitable gift annuity is $10,000.

Types of Property Accepted

Typically cash and marketable securities will be accepted to fund a charitable gift annuity. In some cases, the University will accept gifts of real property in exchange for a gift annuity. In those cases, the University undertakes a thorough study of the property to determine marketability and condition, and has a Phase I Environmental Study done (sometimes waived if residential property). If a gift annuity is issued, the annuity rate offered is discounted at the discretion of the Vice President for Finance in order to cover the costs associated with marketing and selling the property. The donor is responsible for obtaining an independent, qualified appraisal for the property.

CHARITABLE REMAINDER TRUSTS

Age Constraints/Minimum Gift Amounts

There is no minimum age for the beneficiary of a charitable remainder trust. The University reviews each proposed trust taking into consideration the age of the beneficiary(ies), the payout rate and the effects both have on remainder value. An unofficial minimum remainder value of 50% is sought at present. Richmond will serve as trustee for a trust in a minimum amount of $100,000. Additions may be made to unitrusts in any amount, while annuity trusts, by law, cannot accept additions.

University of Richmond will give credit for charitable remainder trusts or that portion of the trust assigned to the University as irrevocable remainder beneficiary. If Richmond is asked to draft a trust document using the University’s retained legal counsel, the University requires that it be named at least 50% irrevocable remainder beneficiary of the trust.

Types of Property Accepted

Cash, marketable securities and real property are all acceptable in a charitable remainder trust. In the case of real property, a Net Income with Makeup Unitrust or a Flip Trust can be used in order to allow time for the trustee to sell the property and reinvest the proceeds in an income-producing asset. A donor is asked, when funding a trust with real property, to make an additional cash gift(s) to the trust to cover insurance, maintenance and taxes on the property for as long as the trustee feels it will reasonably take to sell the property. The donor is required to obtain an independent qualified appraisal for the property for gift substantiation purposes.

ACCEPTING GIFTS OF LIFE INSURANCE

University of Richmond will accept gifts of life insurance as long as the University is named as owner and beneficiary of the policy. In addition, the University should request a copy of the contract and a current vanishing in-force illustration for its review. If a policy is not fully paid, the University should also request a second illustration assuming a 1-2% reduction in interest or dividend rates.

If a policy is a “vanishing premium” policy, then a discussion should be held with the donor about the risk of “reappearing” premiums if assumed interest rates or dividends decrease. Often premiums vanish only to reappear later when the economic environment turns less favorable. Annual illustrations should be requested for these types of policies.

If a fully paid, or partially paid, whole life policy is given, the donor may deduct the "cash surrender value" of the policy which can be obtained from the issuing life insurance company. The donor would be responsible for obtaining a qualified appraisal if the gift was valued at greater than $5,000. If the policy is new, the donor may deduct each year the amount of the premium paid. Richmond prefers that the University pay the premiums when notices come to the University as owner, and then donors make a gift to the University in the amount of the premium. This will create a clear paper trail for substantiation of gifts. While a donor may claim an annual gift, the University will not give Annual Fund credit since the funds were used to offset a premium.

The University can choose whether to continue making premium payments, with offsetting gifts from the donor, or to surrender the policy for cash.

Aaron McClung 5/26/09 Ammended 3/19/2013

General Gift Processing Information

Determining Gift Date

According to IRS guidelines established for determining date of gifts, the envelopes must be retained. In addition, the Advancement Data Services asks that items be date stamped with the date received by the recipients. For gifts handed to an individual, the Advancement Data Services needs the date the gift was placed into the University of Richmond staff/volunteer's hands.

1. **Charge Cards**
    a. gifts/payments are the date the charge clears through the University's credit card merchant services.
2. **Securities**
    a. date supplied by broker (date owner relinquishes control)
    b. if certificates received here, basic guidelines for other gifts/pledges are followed
3. **All other Gifts/Pledges**
    a. Received via the U.S. Postal Service
        i. The postmark
        ii. If two postmarks exist, the earlier date prevails unless it is a metered postmark, the official U.S. Postal Service postmark is used
        iii. If the postmark is missing, then the earliest date that the gift accounting unit can determine as its arrival on campus – thus the importance of stamping with date received
        iv. If no date for arrival on campus, then arrival date in Advancement Data Services.
    b. Received by private courier (i.e. Federal Express, UPS)
        i. The date received here on campus
        ii. If no indication of arrival on campus, then arrival date in gift accounting office
    c. Received by hand delivery
        i. The date received by a University agent (staff, volunteer)
        ii. The date received here on campus
        iii. If no indication of arrival on campus, then arrival date in gift accounting office.

Determining Gift Type

The following information defines the types of gifts handled by University of Richmond and includes the gift type code used for entry.

- **BEQUESTS** are gifts left to University of Richmond through the donor's last will and testament.
- **CHECKS AND CASH** are the most common form in which gifts arrive.
- **CREDIT CARD GIFTS** are gifts that are made using a donor's credit card. The donor submits the card number, expiration date, name on the card and the amount they wish to charge. The charge is either processed by the University's Wells Fargo lock box service, or for credit card gifts received at Advancement Data Services, University staff process the charge using using the vendor-provided service that hosts the University's giving form (www.uronline.net/givenow - currently provided by Blackbaud) or using Commerce Manager, following all applicable PCI-DSS standards.. University of Richmond accepts MasterCard, VISA, Discover and American Express and other electronic payment methods
- **DEFERRED/PLANNED GIFTS** include gifts that provide an income for the life of the donor or other designated beneficiaries. University of Richmond can use the funds upon termination of the agreements (usually upon the death of the donor or last designated income beneficiary). The amount received and the designation of the funds is based upon the agreement and type of deferred gift.
    - **Types**
        - **Gift Annuities** – are agreements between a donor and University of Richmond. In return for a contribution, the University agrees to pay the donor and/or another named beneficiary a fixed sum each year for life. Payments are secured by the total assets of the University. Annuity gifts are commingled with the University's endowment and there are no management fees. Annuitants must be at least age 60.
        - **Deferred Payment Gift Annuities** – are also agreements between the donor and University of Richmond. In return for a contribution, the University agrees to pay the donor and/or another named beneficiary a fixed income each year for life beginning either at age 60 or at a later date. Payments are secured by the total assets of the University. Deferred Payment Annuity gifts are commingled with the University's endowment and there are no management fees.
        - **Charitable remainder trusts** are irrevocable gift agreements that provide income for life, or a period up to 20 years, to the donor and/or other beneficiary. A trustee is selected to invest the trust assets, make payments to the income beneficiary, handle annual tax reporting for the trust, and – at the termination of the

agreement – immediately deliver the remaining funds to University of Richmond, to be used for the purpose previously designated by the donor.

- **GIFTS-IN-KIND** are non-monetary gifts such as paintings or books. The values of gifts-in-kind are included in donor's campaign commitment or campaign fundraising data.
- **LOCKBOX** gifts are donations that are mailed directly to the lockbox department of Wells Fargo and are deposited directly into the University's account. The bank makes copies of the checks and forwards them to Advancement Data Services along with the envelope and any documentation contained with the gift. Credit card gifts received by this service are processed by the bank and any associated documentation is forwarded to Advancement Data Services.
- **MATCHING GIFTS** are gifts received from an individual's employer, or the employer's foundation, directly matching the employee's or employee spouse gift. Each employer's guidelines may differ and not all employers have matching gift programs. Information on specific employer programs can be found in the CASE Matching Details Book.
- **PAYROLL DEDUCTION** is a vehicle that can be used by employees of University of Richmond or other organizations to make a gift to Richmond. The employee authorizes a specific amount to be deducted during each pay period for specific period of time. This amount is removed from the individual's paycheck. The payroll office forwards a list of individual names and the amount deducted for each pay period to Gift Accounting for entry. Advancement Data Services executes a report of all payroll deductions and records them following confirmation that each scheduled payroll has been processed.
- **SECURITIES/MUTUAL FUNDS** are vehicles that are used by many of University of Richmond's donors. Please refer to the section on Securities.
- **WIRE TRANSFERS** are a direct deposit made by a bank from the donor's account to University of Richmond's bank account.

WIRE TRANSFER OF CASH

Please notify the Finance Office of all wire transfers.

Contact Louie Love at 804-289-8383 for account and transfer instructions.

Notify the Finance Office that a money wire transfer is to take place. Provide the amount being transferred and where it is coming from. Contact names and telephone numbers should also be provided when possible.

GIFT ACCOUNTING UNIT GLOSSARY OF TERMS

Activity Date
The activity date is the last date that the record has had activity on it. It could be the same date as the entry date or differ if adjustments/modifications to the record have been made. (For example, a gift is entered on May 12th. On May 15th, notification is made that the gift is to be modified to reflect a different designation. When this adjustment is made, the activity date will reflect the date of adjustment. The entry date will still reflect May 12th.)

Acknowledgement Letter
An "acknowledgement" is a thank you letter sent to a gift/pledge donor.

Bequest
A gift to the University left at death through a number of vehicles including a will, a living trust, life insurance, or a retirement plan.

Campaign
"Campaign" refers to a specific period of time wherein gifts and pledges are collected. It does not indicate a designation.

Class Credit
All gifts, whatever the designation, receive class credit. "Class credit" refers to the class affiliation of the alumni donor.

Current (Expendable) Fund
A current, or expendable, fund is a designation wherein the gifts received are immediately available for spending.

Date of Gift
"Date of Gift" is the legal date of gift/pledge for tax filing purposes (the date the donor relinquishes control of the assets). Legal date of gift is determined by the postmark date for items received via the U.S. Postal Service. Items received through private courier (i.e. UPS, Federal Express) are dated with the date of receipt by University of Richmond. Transactions received by telephone (i.e. credit card calls, telephone pledges) are dated with the date the call is received.

Deferred (Planned) Gift

Deferred, or planned, gifts are gifts from which the University will benefit at some future date (usually at the time of the death of the donor or a beneficiary). Deferred/Planned gifts may be received in the form of 1) Bequests, 2) Pooled Income Funds, 3) Charitable Gift Annuities, 4) Charitable Remainder Trusts.

Fund
"Fund" is the financial account to which a gift/pledge is assigned.

Constituent Category Code
A constituent category code (i.e. Alumnus/a, Staff, etc.) is linked to an entity in the Raiser's Edge system and indicates the type of constituent (i.e. alumna, staff, parent, friend, corporation, etc.). Constituent Category Code is specific to the Raiser's Edge database and system and is not necessarily shared across the University's Banner ERP modules.

Endowed Fund
An endowed fund is a designation wherein the gift is held (and invested) by the University in perpetuity. The total return concept is used to determine the annual spending rate.

Entry Date
Entry date is the actual date of original entry of information into the Raiser's Edge database.

Fair Market Value
Fair Market Value is the face value of the gift when it is transferred to the University.

Fiscal Year
The University of Richmond fiscal year runs July 1st through June 30th.

Gift
Gifts are a voluntary, irrevocable, gratuitous transfer to and accepted by University of Richmond of cash, securities or property of value, or the execution of an instrument that legally vests an interest of value to University of Richmond.

> If a gift is for multiple purposes, unless the donor indicates the distribution percentage, the University would need to define clearly the basis for distribution for the amount can be properly recorded by gift accounting.
>
> - A multi-purpose gift shall be divided by purpose and counted by purpose
> - Multiple payments for a single gift purpose shall constitute a single gift in the accounting procedures
> - Gift may be made by individuals, corporations, foundations and by other legal entities.

Gift-in-Kind
A gift-in-kind is a non-monetary gift such as a painting or book. These gifts are entered into the system with an appraised value or $1.00 if the value is unknown or if the gift is

of little monetary value. The value is included in donors' campaign commitment or any campaign figures.

Gift (Tax) Receipt
A gift receipt is notification to the donor of their gift. These are mailed directly to the legal donor of the gift for tax filing purposes. The receipt contains the amount of the gift, a description of the property transferred, date of gift, designation of gift, information along with a statement regarding any goods or services provided in consideration of the gift.

Independent Qualified Appraisal
An appraisal that is performed by a qualified independent appraiser.

Independent Qualified Appraiser
Any individual or entity qualified to serve in that capacity and which is independent in the party of interest engaging in the transaction and its affiliates. The qualified independent appraiser must present in writing its qualifications to serve in that capacity, and must also detail any relationship it may have with the party in interest engaging in the transaction that could enable the party in interest or its affiliates to control or materially influence the actions of the appraiser or vice versa.

Legal Donor
A legal donor is the entity that has given a gift. This is the entity to which a gift receipt will be issued for tax purposes.

Matching Gift
A matching gift is a gift received from a donor's employer, or its corporate foundation, matching the donor's gift. Some matching gifts are dollar-for-dollar, while others are 2-to-1 or even more for each dollar given. The donor initiates these gifts through the donor's place of employment. The guidelines for an employer's matching gift program can normally be found in the CASE Matching Gift Details Book.

Pledge
A pledge is a promise or agreement of a future gift to the University. The pledge outlines the amount of the gift, the designation as well as the anticipated payment schedule.

Remainder Value (also called Gift Value or Discounted Present Value)
Remainder Value is a term that is normally associated with life income gifts. The remainder value is the amount a donor can claim as a charitable contribution on federal income tax returns.

Restricted Gift
A restricted gift is a gift to the University that is limited in use as directed by the donor. This would include any gift with an indicated preference by the donor.

Revenue
Revenue is gifts received, “cash in hand.”

Third Party Payment
A third party payment is a gift received from an entity (for example, a donor advised fund or private foundation) as a payment toward a second entity’s pledge.

Unrestricted Gift
A gift received by the University that is not limited as to its use, without restrictions.