UNIVERSITY POLICY 18
Gift Acceptance Policy

Adopted by the Kettering University Board of Trustees on December 4, 2013
Policy Topic: Governance and Administration; Gift Acceptance
Administrating Office: University Advancement

I. POLICY STATEMENT

This policy is intended to establish the process for the acceptance and management of all gifts to or for the benefit of the University.

Gift Acceptance Policy

The obligation of all University employees and volunteers is to inform, guide, or otherwise assist a donor in fulfilling his or her philanthropic wishes, but never to act to pressure or unduly influence the donor’s decision. All prospective donors are to be advised to consult their attorney and/or tax advisor regarding all aspects of a proposed gift, whether in the form of an outright gift or by bequest, trust agreement, contract or other means. Given the potential for perceived or actual conflicts of interest, Kettering University employees, volunteers and counsel may not act as advisers to any donor regarding the drafting of wills, trust agreements or other estate planning issues.

All gifts shall be recorded and receipted according to the standards recommended by the Council for the Advancement and Support of Education (CASE) and the National Association of College and College Business Officers (NACUBO).

No agreement shall be made between Kettering University and any agency, person, company or organization on any matter that would knowingly jeopardize or be in conflict with the interests of the University. No employee or volunteer may execute an agreement, contract or other legal document with any donor that differs from stated Kettering University policies and procedures without prior approval from the University President.

Donors Use of Legal and Tax Counsel

A donor should have legal and/or tax counsel representing him or her in planned or complex outright gift transactions. If a donor requests a recommendation of counsel, Kettering will provide the donor with no less than three viable references. If the donor wishes to proceed with a gift without the benefit of professional counsel, Kettering University will remind the donor in subsequent correspondence that the University does not represent his or her interests.

Kettering’s Use of Legal and Tax Counsel

Kettering University shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters include, but are not limited to transactions with potential conflicts of interest or those that may invoke IRS or other legal action.
**Gift acceptance**

Kettering University will accept unrestricted gifts and gifts for specific programs and purposes, provided that such gifts are consistent with the University’s stated mission and do not violate the terms of this policy. The University will not accept gifts that are too restrictive in purpose or that do not reflect or support the University's academic purposes and priorities. No gifts may be accepted that inhibit the University from seeking similar or different gifts from other donors. No gift may be accepted which limits, beyond a general definition of subject area, research that a faculty member or student may perform.

The University may not accept gifts which involve unlawful discrimination based upon race, sex, gender, sexual orientation, age, national origin, color, handicap or any other basis prohibited by University Codes of Conduct or federal, state, and local laws and regulations.

**II. DEFINITIONS**

N/A

**III. DETAILS/PROCEDURES**

**A. Cash Gifts and Pledges**

1. **Unrestricted Gifts of Cash** – Gifts given without restriction on the use of the gift.
   a) Unrestricted gifts are recorded as unrestricted and used to fund current operations or to maintain reserves.
   b) It is recommended that a statement that makes clear the donor’s intent in contributing his or her gift accompany all contributions above $5,000 (even unrestricted gifts).
   c) Unrestricted bequests are designated at the discretion of the President.

2. **Restricted Gifts of Cash** – Gifts given for purposes specified by the donor – only donors may restrict gifts.
   a) Gifts restricted for Operations are recorded and deposited into the current operating account or into the Operating Reserve.
   b) Gifts restricted for Programs are recorded and deposited into the temporarily restricted reserve to be used for current or future programs as specified by the donors.
   c) Gifts restricted for Endowments go into the Endowment Fund with a percentage as specified by Kettering’s Investment Policy to be used as specified by donors. The minimum gift accepted for an Endowment is $25,000.

3. **Pledges** – Promises to contribute amounts specified by donors.
   a) Pledges may be restricted or unrestricted as described above and may be a one-year up to a five-year commitment unless approved by the University President.
   b) It is expected that Pledges will be fulfilled with contributions of cash or securities.
   c) For in-kind gifts to be used to fulfill pledges, donations must cover expenses that appear in the annual budget.

4. **Matching gifts** – Unless a matching gift organization specifies otherwise, matching gifts from organizations follow the restrictions of the donor whose gift is being matched. If a donor makes
an unrestricted gift the matching gift is unrestricted, and if the donor makes a restricted gift the match is likewise restricted. Kettering will count matching gifts toward an individual’s gift total in the year the matching gift is received.

5. **Publicly Traded Securities** – It is not the policy of the University to hold securities for an extended length of time. As such, the University, through its broker of record, will sell all gifts of publically traded securities at the earliest practical date. Such gifts will be credited to donors according to applicable IRS rules and guidelines.

6. **Credit Cards** – Kettering accepts gifts from donors using VISA and MasterCard. For gifts made by credit card, the date the charge is accepted for processing by Kettering will constitute the effective date of the gift.

**B. Non-Cash Gifts**

1. **In-Kind Contributions** – Gifts of goods or services.
   a) When Kettering receives a gift of goods and services, often referred to as a “Gift in Kind” (e.g., building materials, equipment, etc.), or a gift of individual or corporate services, Kettering will issue gift recognition in accordance with applicable IRS rules and guidelines. Kettering will not issue a receipt indicating the cash value of any in-kind contribution. The University will, however, acknowledge receipt of in-kind objects or services.
   b) In-kind contributions that cover expenses in the annual operating budget may be used to fulfill pledges to the University. Such contributions are acknowledged as payment toward an applicable pledged amount.
   c) For tax purposes, the donor in kind must value any gifts made and the University may not assume any costs associated with any appraisals of the gift.

2. **Real Estate or Real Property**:
   a) No gift of real estate or real property may be accepted if such acceptance would cause the University to incur a financial burden, potential liability, or other obligation, unless specifically approved by the University President.
   b) A Phase I environmental impact must be completed at the owner’s expense prior to acceptance of any gift of real estate or real property by the University unless specifically authorized by the University President.
   c) Acceptance of a gift of real estate or real property will be contingent upon submission of an independent appraisal of the gift paid for by the donor. Kettering will not establish, directly or indirectly, the value any donated item for tax purposes.
   d) It is not the policy of the University to hold a gift of real estate or real property for an extended length of time. As such, the University, through its broker of record, will sell all gifts of real estate or real property at the earliest practical date. Kettering may elect to decline any such gift if it cannot be liquidated in a reasonable amount of time.

3. **Life Insurance**
   a) Kettering accepts only fully paid insurance policies as gifts. Kettering must be named as beneficiary and the irrevocable owner of the policy. All life insurance policies must be reviewed by the Planned Giving staff and approved by the Vice President of Advancement before acceptance.
b) Gifts of life insurance are credited at face value as a gift receivable and will be designated by Kettering’s President unless specified by the donor.

4. Closely Held Securities
   a) Gifts of closely held securities are subject to prior approval of the President. The valuation of securities that are not publicly traded is the responsibility of the donor, and such gifts must be accompanied by an independent qualified appraisal as a condition of acceptance.
   b) Gifts of closely held securities may be accepted barring any restrictions on their sale and once marketability of the securities has been established. The donor will be required to provide an independent valuation of the securities if requested.
   c) It is not the policy of the University to hold securities for an extended length of time. As such, the University will sell all gifts of securities at the earliest practical date. Gifts of securities must therefore be marketable and able to be liquidated in a reasonable amount of time.
   d) The donor is responsible for all costs associated with ensuring donated securities are marketable with no restrictions.

5. Planned Gifts
   a) Trusts – Kettering University welcomes Charitable Remainder Trusts, Charitable Remainder Unitrusts, and Charitable Lead Trusts. While Kettering University does not actively manage such trusts, it does refer donors to appropriate professionals who can assist them.
   b) Gift Annuities – This contractual agreement, whereby Kettering University pays the beneficiary a specified annuity for life in exchange for a gift, may be entered into after consideration by the Vice President of University Advancement and External Relations based on the size of the gift, life expectancy of the annuitant, and Planned Giving Council. The minimum gift accepted for a gift annuity is $10,000.

C. Named Funds

A donor may establish a Named Fund, provided the Board does not find the name to be unacceptable, with a minimum contribution of $25,000. Prior to establishing a Named Fund, an agreement articulating the details of the fund and its designated use must be signed by the donor, the University President, and the Vice President of University Advancement and External Relations. This agreement must, at a minimum, describe:

a) The name of the donor/donors;
b) The name of the Fund;
c) The initial amount given or pledged to establish the Fund;
d) The purpose of the Fund;
e) An understanding that the Fund’s principal is pooled with other endowments for purposes of investment and income distribution or allocation; and,
f) That the Fund is governed by general policies established by the Board with regard to the investment and disbursements of the endowment, as amended from time to time.

Agreements establishing Named Funds must be reviewed and approved by the University President prior to acceptance of the Named Fund. A copy of all Signed Named Fund Agreements must be kept on file in the Development Department.
D. Code of Conduct

Representatives of the University will exercise caution to avoid pressure, persuasion or undue influence on donors, both potential and actual, and will encourage all donors to seek private counsel when considering a planned gift to the University. All Kettering employees who contact prospective donors or promote the University’s planned gifts program must be paid a salary or fixed wages, and must never receive a commission or other remuneration that would give the employee a direct beneficial interest in any agreement made between a donor and the University.

E. Confidentiality

Kettering University recognizes that it is in a position of trust with its donors, and that our donors have placed trust in the organization concerning confidentiality. All donor information, correspondence and governing instruments must be maintained securely, and accessible only to individuals with approval of the Vice President of University Advancement. All employees with access to confidential information will be required to certify their obligation to maintain the confidentiality of such information.

F. Use of Constituent Lists

Kettering University will not sell any constituent lists to individuals or organizations.

G. Protection of Donor's Interest

No program, agreement, trust, contract or commitment will be knowingly urged upon any prospective donor that would benefit Kettering University at the expense of the donor’s interest and welfare. No agreement will be made between Kettering University and any agency, person, company or organization on any matter related to investments or management that knowingly jeopardizes a donor’s interest.

H. Gift Acknowledgement Policies

Effective 1994, the Omnibus Budget Reconciliation Act of 1993 (OBRA) added Internal Revenue Code section 170(f)(8) which denies donors a charitable deduction for any contribution of $250 or more unless the donor obtains a written acknowledgement of the contribution from the charity. Kettering University shall always without exception be in full compliance with the law; furthermore, the University will provide an acknowledgement for all gifts regardless of the size.

Applicable law requires charities to provide written disclosure about any solicitation or receipt of quid pro quo contributions that exceed $75.00. This disclosure must inform the donor that the amount of the contribution that is tax deductible for federal income tax purposes is limited to the excess of the amount on any money and other property contributed by the donor (over the value of the goods and services provided by the charity) and provide the donor with a good faith estimate of the value of such goods and services. This disclosure must be made when the contribution is solicited or when the contribution is received. There are three situations in which a disclosure is not required: where the goods or services are “insubstantial,” i.e., token or otherwise de minimus,” where no donative intent is present, i.e., sales of T-shirt at reunion, where only an intangible benefit is provided to the donor, i.e., participation in a religious ceremony.
I. Policy for Thanking Donors

In addition to processing all gifts and generating gift receipts, the Development Department shall also be responsible for thanking donors for their gifts in a timely manner. Gift acknowledgements shall include an official gift receipt. Kettering University will establish separate internal procedures for thanking donors for their contribution including information on who signs the letter, what type of acknowledgement letter is sent, what letters are kept in permanent files, etc.

IV. POLICY REVIEW

This policy shall be reviewed and revised as necessary every four (4) years or more frequently if applicable laws or regulations change.

V. RELATED POLICIES AND RESOURCES

None