Gift Acceptance Policy

I. Purpose

The purpose of this policy is to govern the acceptance and reporting of gifts by the East Carolina University Medical & Health Sciences Foundation, Inc. (the “Foundation”), and to provide guidance to donors and their professional advisors in making gifts to the Foundation. This policy has been adopted by the Foundation’s Board of Directors (the “Board”) in order to outline straightforward and objective processes for analyzing and accepting charitable gifts to the Foundation for the benefit of East Carolina University (the “University”).

II. General Gift Acceptance Policy

The Foundation will accept unrestricted gifts, and gifts restricted to specific purposes, provided that such gifts are consistent with the Foundation’s mission, its bylaws, and its operating agreement with the University.

The Foundation may elect to decline the acceptance of a donor’s offer of a gift. Circumstances that could cause a gift to be declined would include gifts that are not aligned with the mission of the University, gifts that are too restrictive in purpose or those that are likely to generate a cost or obligation that is disproportionate to the benefit of the gift.

The President of the Foundation reviews and acts as an agent of the Foundation for acceptance of gifts. Gift proposals that are complicated or unusual in nature will require Foundation approval and will be referred to the Executive Committee of the Foundation’s Board of Directors. Financial Services and Gift Records will also be consulted in these situations.

Any proposals of donated or discounted real property, personal property, and/or partnerships must comply with the Administrative Directive of the Office of the Chancellor.

The Foundation shall adhere to IRS regulations that govern charitable contributions and follows the gift recording and reporting standards established by the Council for the Advancement and Support of Education (C.A.S.E.). Planned gifts are recorded and reported by standards established by the National Council on Planned Giving (N.C.P.G).

All donors are advised to consult with professional advisors about legal and tax matters related to their gifts. The Foundation will not give specific personal advice on legal, financial, or tax matters.
III. Types of Acceptable Gifts

A. Cash

Gifts in the form of currency, checks, electronic funds transfer, and credit cards may be accepted in any amount. All checks should be payable to the ECU Medical & Health Sciences Foundation. Checks payable to East Carolina University may be deposited to Foundation funds with sufficient documentation of intent from the donor. Foreign currencies will be valued at the exchange rate on the date of receipt.

B. Publicly Traded Securities

Securities that are traded on an exchange or other publicly reported market may be accepted by the Foundation and will be recorded as a gift based on the average of high and low on the day of the gift. The Foundation will sell such securities as soon as possible after the securities have been transferred to the Foundation. In special circumstances, stocks may be held for future investment, only after approval from the Executive Committee and Investment Committee of the Foundation’s Board of Directors.

If a donor is assigning ownership of a stock certificate to the Foundation, the donor must present a signed Stock Power form and a Third Party Release form to the office of Gift Records.

If the donor is transferring securities to the Foundation, the donor should contact the University Development Officer directly related to the gift, the President of the ECU Medical & Health Sciences Foundation, or its Controller for instructions on transferring ownership of securities.

The gift receipt that the donor receives will acknowledge the securities received. An additional letter will be sent by the Medical & Health Sciences Foundation as a courtesy, offering the high, low and mean value of the stock on the day the stock was received, as well as an estimated value calculated by multiplying the mean value by the number of shares. The donor, or their broker, or investment firm may use a different method of calculating the value of the transferred securities, therefore an exact gift amount will not be offered.

C. Closely Held Securities

Closely held or non-publicly traded securities, sole proprietorships, general or limited partnership interests, S-Corporation securities, interests in real estate investment trusts (“REITs”), limited liability company interests, and other interests may be accepted only after review and approval of the Foundation’s Executive Committee.

Valuation of closely held securities may be difficult due to infrequent trading which makes it difficult to establish a fair market value. If a donation of closely held stock is being considered, IRS Publication 561 should be followed in valuing this type of security. If the value of the gift is estimated to be $5,000 or more, the donor must provide a documented appraisal prepared by a qualified appraiser.

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The Executive Committee will consider the marketability of closely held securities before accepting such a gift. It is the intention of the Foundation to sell all securities as soon as possible after the transfer from the donor, unless there are special circumstances that have been considered by the Executive Committee leading them to direct the security to be held. If it appears that a gift of closely held securities will take longer than eighteen months to sell, the Executive Committee may decide to decline the gift.

The gift receipt that the donor receives will acknowledge the securities received, but not their value. The donor will value the gift for their tax reporting purposes. The donor will provide the Foundation with a copy of IRS Form 8283. The Foundation will record the gift based on the sale price (if sold immediately upon transfer), the documented appraisal (if held for a period of time) or, if less than $5,000, an internally determined fair market value (if objective criteria are not obtainable).

D. Personal Property

Gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, journals, antique equipment and computer hardware, will be considered only after a thorough review indicates that the property is either readily marketable or property needed by the University.

The University Development Officer will submit a written proposal for accepting the ownership of this property to the Foundation President. Upon receiving a signed and dated acceptance, the University Development Officer will communicate to the donor the acceptance of the gift.

A gift that may obligate the University to perpetual ownership or ongoing maintenance costs will not be accepted by the Foundation without the written approval of the Vice Chancellor for Administration and Finance.

Gifts with a value of $5,000 or less will be recorded at the value placed on them by the donor. Gifts with values greater than $5,000 will be recorded at the value determined by a qualified independent appraiser. In accordance with IRS guidelines, the donor is responsible for obtaining an independent appraisal. The donor must submit a copy of IRS Form 8283 and a copy of the appraisal to the Foundation President for review and approval. Appraisals will not be required if the gift has a readily available market price.

E. Gifts-in-Kind

Gifts-in-kind are non-cash donations of assets, such as artwork, personal libraries, equipment, intellectual property, etc. that serve to further the mission and purposes of the University or the Foundation. These gifts are valued according to IRS regulations.

University Development Officers must get written approval from the Foundation President to accept a gift-in-kind. They must prepare and submit a Gift-in-Kind and Acknowledged Support Transmittal Form, along with adequate documentation of the purpose, nature, and value of the gift.

The donor is responsible for determining the value of the gift-in-kind. Gifts valued at $5,000 or more must be documented by a qualified independent appraiser. The donor must submit a copy of IRS Form 8283 and a copy of the appraisal to the Foundation.
President for review and approval. The Foundation will record the gift based on the
documented appraisal or, if less than $5,000, an internally determined fair market value
(if objective criteria are not obtainable).

The gift receipt that the donor receives from the Foundation will acknowledge the gift-in-
kind, but not its value. The donor is responsible for determining the value the gift for tax
reporting purposes.

F. Acknowledged Support

There are some kinds of support provided by alumni and friends that benefit the
Foundation and/or the University, but do not qualify as a charitable contribution, as
defined by the IRS; therefore, cannot be counted as gifts to the Foundation. Free
professional services (legal, tax, or consultation), use of an asset (a car, computer, or
condominium), and hosting an event in a home or off campus location are some examples
of this type of support.

Even though they do not meet the IRS requirements to be a tax deductible charitable
contribution, they should be acknowledged by a thank you letter from the Foundation and
a memo notation in the donor’s records in the gift record system. This is accomplished
by the University Development Officer submitting the Gift-in-Kind and Acknowledged
Support Transmittal Form, along with substantiating documentation, to the Foundation
President for approval.

G. Real Property

If a donor wishes to donate real property, it is to be gifted to, and accepted by the ECU
Medical & Health Sciences Foundation when appropriate.

Gifts of real property are generally donated to be held and used for the benefit of the
University, or to be sold with the proceeds designated for a purpose determined by the
donor.

The following procedures are to be followed and communicated to the donor before gift
acceptance of real property:

- Evaluation of the condition and characteristics of the proposed real property gift;
- Donor must provide legal description and location of the property;
- Copies of all relevant and available information about the property including tax
evidence of clear title and zoning restrictions;
- A recent appraisal by a qualified appraiser.
- Information concerning any environmental problems on the property including the
  most recent environmental assessment, if available;
- An on-site evaluation by a designated representative of the ECU Medical &
  Health Sciences Foundation.
- The marketability of a property must be considered before a gift is accepted. The
cost to hold the property for sale is important in deciding whether or not to accept
a gift;

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• Due diligence must be performed to assess possible liabilities: clear title, debts, back taxes, environmental problems and potential unrelated business income tax; and
• The Foundation is required to report to the IRS, on Form 8282, any such sale of real property occurring within three (3) years of the date of the gift; and
• The University agrees to accept and hold the property for the purposes designated by the donor.

The determination of property value is the responsibility of the donor and not the receiving institution. The Foundation will record the gift based on the sale price (if sold immediately upon transfer), the documented appraisal (if held for a period of time) or, if less than $5,000, an internally determined fair market value (if objective criteria are not obtainable).

H. Charitable Lead Trust

Charitable Lead Trusts are gifts in trust that pay defined amounts of income to the Foundation over a period of time either during the donor’s life or at their death. The donor builds the trust with assets or investments that will generate income or appreciate in value. The trust makes annual gifts to the Foundation that are used according to purposes specified by written agreements with the donor. At the end of the term of the trust the assets revert back to the donor or can be passed on to others with favorable tax considerations.

There are two types of Charitable Lead Trusts: Charitable Lead Unitrusts (CLUTs) and Charitable Lead Annuity Trusts (CLATs). The payout from a unitrust is based on a percentage of the annual market value of the assets. The payout from an annuity trust is a fixed amount. Charitable lead trusts are one of the most complex instruments used for charitable giving and donors are encouraged to consult their tax and legal advisors when considering this as a method to make a charitable gift.

The Foundation records and reports gifts received, for campaign purposes, from Charitable Lead Trusts in accordance with standards established by the National Council on Planned Giving.

I. Planned Giving

A planned gift is a gift planned by the donor to be disbursed after his/her death or after a triggering event occurs. Some planned gifts are irrevocable and others may be changed at any time. Donors are always encouraged to consult their tax and legal advisors when considering planned gifts. The Foundation follows the standards set by the National Council on Planned Giving for recording and reporting planned gifts.

1. Charitable Remainder Trust

Charitable Remainder Trusts (CRTs) are irrevocable planned gifts that provide income to the donor or beneficiaries for life or a number of years not to exceed 20 years. At the end of the trust, the remaining gift assets are left to the benefit of the Foundation. There are two basic types of CRTs: a Charitable Remainder Unitrust (CRUTs) that provides a variable income based on a fixed percentage of the annual
value of the trust and a Charitable Remainder Annuity Trust (CRATs) that pays a fixed income based on the initial value of the trust.

The Foundation is the beneficiary of the charitable remainder of the trust and prefers to be designated as the trustee of the trust to allow involvement in the trust’s investment strategy.

2. Charitable Gift Annuities

With a charitable gift annuity, the donor makes an irrevocable gift to the Foundation, and the Foundation contractually agrees to pay a fixed annuity payment to a maximum of two beneficiaries for life. The annuity may begin immediately or be deferred. The gift portion of the charitable gift annuities will be received at the death of the final beneficiary.

3. Retained Life Estate

A personal residence or farm can be gifted to the Foundation, while still allowing the donor, a spouse, or survivors to continue their residence there (or rent the property) for life. The advantage of the retained life estate as a planned gift is the continued use of the property while being able to take advantage of an income tax deduction.

4. Life Insurance

Life insurance policies are planned gifts when the policy is given to the Foundation and the Foundation is both the owner and beneficiary of the insurance policy.

If the policy is not paid in full, and the donor of the policy agrees to make gifts to the Foundation to pay the annual premiums on the policy, these gifts are treated as normal charitable contributions.

5. Bequests

Wills and living trusts are instruments by which a person may make a disposition of property, to take effect after their death. They may be altered or revoked at any time during life, thus these gifts are categorized as revocable. Revocable gifts may be included in gift reporting, using standards established by the National Council on Planned Giving.

J. Gift Pledges

A gift pledge should be a written commitment for a specific dollar amount that will be paid according to a fixed time schedule not to exceed five years. Only in unusual circumstances should a pledge payment schedule exceed five (5) years. Oral pledges can be counted only if documented in the form of a written memorandum that provides the commitment amount, the time schedule, and signatures of the Foundation President and the Vice Chancellor of University Advancement. A copy of the memorandum will also be provided to the donor. Anticipated matching gifts will not be included in pledge amounts.

K. Donor Advised Funds

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A donor advised fund (DAF) is a legal nonprofit entity to which a donor can make a charitable gift. The donor can then suggest or recommend to the DAF to what other nonprofits they should further distribute these funds. The DAF cannot be required by the donor to make a specific distribution. The IRS prohibits the DAF entity from distributing funds if it will provide benefits or privileges to the donor.

When the Foundation receives a gift from a DAF, the DAF entity will receive gift credit and a receipt for the donation. The donor to the DAF who was responsible for requesting the grant to the Foundation will receive soft credit. This allows the Foundation to include DAF gifts in individual donor gift totals for recognition and membership in various circles and societies (clubs).

L. Matching Gifts

Many companies make matching gifts for charitable donations of their employees to university foundations. The Foundation follows policies established by CASE and individual corporate policies for matching gifts. Gift credit is given to the company for their matching gift, and “soft credit” is given to the person. Individuals are given recognition for matching funds for membership in various circles and societies (clubs). Matching gifts must be used for the same purpose as the original gift.

M. Bargain Sale

A “bargain sale” is a sale of an asset or property to the Foundation for an amount less than the property’s fair market value. The excess value over the sales price is considered to be a charitable contribution by the donor. The bargain sale price may be paid either in a lump sum or in installments. The determination of property value is the responsibility of the donor and not the receiving institution.

The Foundation, upon review and approval of the President of the Foundation, legal counsel, and the Executive Committee may purchase real estate, securities, or other property on a bargain sale basis.

N. Grants

The Foundation does not accept or administer sponsored program grants. These grants are not gifts. They are cash awards from a grant-making organization to be spent for a specific purpose. Sponsored program grants normally require a detailed report of how the funds were spent and a summary of the program results at the end of the project. The grantor may require a refund of all or part of the award if certain conditions are not met.

This statement does not apply to “grants” from family foundations that do not require reporting and/or return of unused funds. The word “grant” may be used in these cases, but these “grants” are considered gifts by the donors.

Grants secured by the Director of Corporate & Foundation Relations benefitting the Division of Health Sciences, will be reported on a quarterly basis to the President of the ECU Medical & Health Sciences Foundation.

On occasion, a University proposal to a grant-making organization must be submitted by a 501(c)(3) organization. The Development Officer will consult with the Director of
Corporate & Foundation Relations and the Grants Office to confirm they will accept and administer the grant. With this verification, the President of the ECU Medical & Health Sciences Foundation will sign the appropriate paperwork for processing the funds through the Foundation. Funds are processed through the Gift Records Office and then transferred to Grants and Contracts to administer.