



FOUNDATION FOR INDIANA UNIVERSITY OF PENNSYLVANIA (FIUP)

SUBJECT: FIUP GIFT ACCEPTANCE POLICY PROCEDURES

PURPOSE: To define guidelines and procedures governing the solicitation and acceptance of gifts by the Foundation for Indiana University of Pennsylvania (FIUP) and to provide guidance to the Indiana University of Pennsylvania (IUP) office of University Advancement (UA) and prospective donors and their advisors when making gifts to the FIUP.

EFFECTIVE DATE: *February 24, 2017*

INTRODUCTION

The Foundation for Indiana University of Pennsylvania (FIUP) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Gifts made to FIUP are deductible as charitable contributions under Section 170 of the Internal Revenue Code, subject to compliance with the conditions of the Code and the applicable regulations. FIUP exists to receive and manage private gifts for the benefit of Indiana University of Pennsylvania (IUP). FIUP and IUP work jointly on fundraising efforts.

This policy was developed by FIUP personnel, shared with IUP University Advancement (UA) and approved by FIUP's Board of Directors to outline clear and objective procedures and processes for soliciting, analyzing and accepting charitable gifts to FIUP for IUP's benefit.

Requests for all exceptions to the gift acceptance policies should be referred to the Joint Fundraising Committee, which consists of IUP's President, Vice President of UA, Associate Vice President of UA and FIUP's leadership, including: the President, the Vice President and the Executive Director.

The policy will be annually approved by the FIUP board at the May board meeting.

SOLICITING GIFTS

Gifts in support of IUP from various constituents (such as individuals, corporations, organizations and foundations) should be made payable to the Foundation for Indiana University of Pennsylvania. All gifts will be processed in accordance with the donor's intentions by FIUP unless a donor-documented request to process directly to IUP accompanies the gift. All efforts to solicit private gifts must be cleared and coordinated through UA. The UA Policy for Soliciting Private Gifts for IUP can be found at: (<http://www.iup.edu/universityadvancement/related/policy-for-soliciting-private-gifts-for-iup>)

Event Fundraising

All invitations, reply cards, tickets, letters and other printed materials produced for any fundraising event or sponsored by any unit of IUP, must clearly reflect the fair market value of any benefit to the donor and clearly provide the option for the donor to refuse the benefit. This policy applies to all fundraising events, including those that are donated or underwritten. It also applies if the donor does not attend the event but receives a ticket, or does not exercise rights associated with membership. Such events include golf tournaments, fundraising dinners and special events for fundraising purposes.

For all fundraising events, planners must complete an **Event Approval/Disclosure Statement** (which can be found on the FIUP website at [www.iup.edu/foundation/forms for conducting business with the foundation](http://www.iup.edu/foundation/forms%20for%20conducting%20business%20with%20the%20foundation)) and submit it to the FIUP office, via email to blauber@iup.edu. For fundraising events, the fair market value section of the disclosure statement must be completed to allow for correct receipting on the charitable gift tax receipt. Please allow 10 working days for approval, although all efforts will be made to expedite the process.

The use of raffles and auctions as methods for fundraising is discouraged. Any raffles or auctions to be held at IUP require approval of UA. For gift purposes, if an item is shown in an auction brochure at a specific market value, any bid amount above the value is considered a gift. ***Sales tax must be charged on the entire amount.*** If a donor intends to make a tax-deductible contribution, a separate check (or credit card document) should be issued. No invitations, reply cards, tickets, letters, or other printed materials in relation to an auction shall indicate or imply the price paid by a donor for goods purchased at the auction are either fully tax deductible or “to the extent provided by law.” An amount received by the FIUP is not a gift if the market value returned to the donor is equal to or exceeds the amount received. If there are questions regarding the wording on any fundraising documents, please contact the FIUP office.

DEFINITIONS OF SUPPORT

Gift support is brought from private sources: individuals, foundations, corporations and organizations. These funds are philanthropic rather than contractual in nature and are generated primarily through activities coordinated by UA. Generally accepted accounting principles and FIUP policies require all donations and gifts, whether tangible or intangible property, be recorded in the financial statements at fair market value as of the date of the donation.

- **Gifts** are voluntary and irrevocable transfers of money, property or other assets made by a donor without any expectation of or receipt of direct economic benefit or any other tangible compensation (i.e. goods or services) from the donor that is commensurate with the worth of the donation. A gift or donation may, however, be restricted for a limited use (i.e. specific scholarship or specific program). In this policy, the term “gifts” refers exclusively to private gifts, even though such gifts may be termed “grants” by corporations, organizations and foundations.

- **Grants or Sponsored Activities** are those undertaken by IUP with the support of an external entity which involves a contract for specifically enumerated performance of services, often including proprietary rights to and provisions of work products derived from this performance, and usually including some formal financial and/or technical

- reporting by the recipient as to the actual use of the money or assets involved. The agreement is enforceable by law, and performance is usually to be accomplished under time and other constraints, with the transfer of support revocable for cause.
- If it is not clear whether money received is for a gift or for a sponsored project, the materials will be reviewed by FIUP, UA and the IUP Research Institute (RI) for clarification and consensus. FIUP and the RI are responsible for determining when and how sponsored research is to be recorded as private voluntary support. Communication with UA is essential.

Types of Support

- **Unrestricted Gifts** are gifts that the donor does not restrict its use and typically may be used in areas where IUP or FIUP most needs resources.
- **Restricted Gifts** are gifts the donor restricts for a specific purpose as long as the restriction is consistent with the mission, purpose and priorities of FIUP and IUP. FIUP recognizes and respects the right of a donor to restrict the gift to a specific purpose, and the restriction of any gift accepted by FIUP will be implemented in good faith. FIUP will not accept gifts that are determined to be too restrictive in nature or gifts that are deemed to be extraordinarily difficult to manage or to administer.

GENERAL GIFT ACCEPTANCE PRINCIPLES

IUP has formally designated authority to FIUP to accept gifts and bequests on its behalf in accordance with FIUP and IUP policy.

When a gift is accepted, FIUP assumes both a legal and an ethical obligation to conform to the intentions of the donor. For these reasons, it is essential that donors be encouraged to precisely indicate in writing those restrictions placed on or strong preferences for the use of funds provided. Terms of all restricted funds are to be kept on file electronically on IUP's shared drive (<http://imaging.admin.iup.edu/AppXtender/Login.aspx>) and also in the FIUP office.

When the terms of the gift are so restricted as to present a serious risk that changed circumstances could render its use extremely difficult or impossible, donors should be encouraged to include language that will permit an alternate use.

If, at some future date, circumstances within IUP should change so that the uses and purposes of the gift no longer exist or are in conflict with administrative or academic policies of IUP, then the FIUP Board of Directors may use the gift in a manner which is in the best interest of IUP, bearing in mind the original intentions of the donor(s).

Non-cash gifts, generally known as “gifts-in-kind”, will be acknowledged in terms of the precise description of the property, but no appraisal or evaluation will be made by FIUP or IUP. Acceptance should not involve significant additional expense by FIUP or IUP for the present or future use, display, maintenance or administration of gifts-in-kind unless approved by the FIUP President or IUP President or their respective designees.

IUP and FIUP personnel who are involved in discussions with prospective donors are encouraged to advise the donors that every effort will be made to accommodate the donor’s intentions. However, all gifts must be submitted for internal review to insure the FIUP is able to implement any terms or conditions imposed by the donor.

A gift is not completed until it has been formally approved and accepted by FIUP.

MAKING A GIFT

Gift Types

Outright Gift is a current contribution of cash, stocks, bonds, mutual fund shares, real estate and personal property. The donor benefits of making an outright gift to FIUP include a federal tax deduction based on the current value of the gift and the avoidance of capital gain tax if the gift involves appreciated property that has been held for at least one year. A donor should always consult with his or her tax attorney or accountant for specific benefit.

Deferred or Planned Gift is a commitment established by a donor during his or her lifetime, the principal benefits of which are typically not immediately (or fully) available to FIUP. Examples of planned gifts include charitable gift annuities, gifts of life insurance, charitable remainder trusts and charitable lead trusts, retirement plan designations, retained life estates, and commitments through estate plans. Planned gifts may be given as irrevocable or revocable gifts:

- **Irrevocable Deferred or Planned Gifts** given to FIUP cannot be modified or withdrawn by the donor and generally provide immediate tax benefits and, in some cases, a lifetime income for the donor. Examples of irrevocable gifts include charitable gift annuities, remainder interest in property and, in some cases, charitable remainder trusts.
- **Revocable Deferred or Planned Gifts** can be changed at the discretion of the donor and become irrevocable upon the death of the donor providing estate tax benefits at that time. Examples of revocable gifts include a will provision, retirement plan designation or other estate provision (prior to death). Revocable gifts are recorded into the system at a value of \$1.00 until they become irrevocable.

Blended Gift is a gift structure where donors give something now, something later and perhaps something in-between. The blended gift capitalizes on the types of assets held by the donors, while addressing their concerns for current and future lifestyle obstacles, so they can complete their optimal gift. The components of a blended gift include the current gift (e.g., cash, securities, and other tangible

property) and the future gift (e.g., lead trust, life income gifts and bequests). Blended gifts are encouraged and will be reviewed by FIUP on a case-by-case basis.

Matching Gift is a gift where companies match current gifts of cash, stocks or bonds made to higher education institutions by their employees and often, employees' spouses and company retirees. Matching gifts are generally allocated to the same fund or purpose as the donor's gift unless restricted to another purpose by the company. Donors are entitled to income-tax deductions for their individual gifts only (hard credit). Matching gift amounts are included in the donor's total giving as soft credit for donor recognition purposes only. Matching gifts cannot be used to decrease a donor's pledge.

Authority to sign for employer matching gifts is held by FIUP with assistance from UA.

Methods of Giving

Cash contributions include cash, money orders, check, Electronic Funds Transfer (EFT), wire transfer, ACH or other electronic form of transfer, payroll deductions, credit card charges and/or IRA distributions. All checks must be made out to the Foundation for Indiana University of Pennsylvania. Exceptions for checks made payable in other formats will be reviewed on a case-by-case basis prior to acceptance.

Planned or Deferred Gifts are a broad description for charitable gifts that provide either a current or deferred benefit to the charity. Planned gifts are referred to as such because they require more planning, negotiation and counsel than many other gifts. Planned gifts can result in immediate income, income to the charity over time or serve to delay a gift for life or other period of time while the donor or others retain income and/or access to the assets used to fund the gift. Final designation for such gifts should be clearly stated and approved by FIUP when the instrument is written. All Planned Gift contracts must be approved by FIUP.

- **Charitable Gift Annuity** is a contract to which the FIUP accepts cash or publicly traded securities from a donor in return for periodic payments to the donor and/or other named beneficiary for life; upon the death of the income beneficiaries the balance of the principal is retained by FIUP.
 - Gift annuity contract must comply with the following:
 - The minimum gift for funding is \$25,000, the total amount must be given before a gift annuity is established. The FIUP Executive Committee may make exceptions to the minimum.
 - The minimum age for life income beneficiaries of a gift annuity shall be 62 years of age (YOA) on the date of the signing. Where a deferred gift annuity is offered, the minimum age for life income beneficiaries shall be 55 YOA on the date of the signing. No more than two life income beneficiaries will be permitted for any gift annuity.

- The rates (payout percentages) are at the sole discretion of FIUP. In general, FIUP will follow the rates (payout percentages) suggested by the American Council of Gift Annuities (<http://www.acga-web.org/about-gift-annuities-top/gift-annuity-rates>). The charitable gift annuity may take the form of an immediate payment annuity or a deferred payment annuity.
 - With immediate annuities, quarterly payments to donors begin the year the annuity is funded. Payments are made quarterly with the first payment being prorated and any exceptions must be approved by FIUP.
 - For deferred annuities, payments may commence at a specific time in the future or payments may begin no earlier than a specified time in the future. Donor chooses the date the payment begins.
 - Once funded, no additions may be made to a charitable gift annuity; however, it is common that individuals may choose to fund more than one charitable gift annuity over time.
 - FIUP must be registered in the donor's official state of residence for an annuity to be written and accepted.
- FIUP will not accept real property, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. FIUP may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as the charitable gift annuity does not commence until FIUP has been able to sale or otherwise gain liquidity from such property. All such arrangements are subject to the approval of the FIUP Executive Committee and Board of Directors. Funds contributed in exchange for a gift annuity will be set aside and invested during the term of the annuity payments. Once annuity payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to FIUP's general endowment funds, or to such specific fund as designated by the donor.
- **Charitable Remainder Trust** is a legal entity created by the donor pursuant to which the trustee of the trust invests the trust assets and makes fixed or variable payments to the named beneficiaries for life or a term of up to 20 years. The donor may designate the use of the remainder interest of a trust which will become available at the end of the term.

The FIUP is pleased to act as trustee of charitable remainder trusts that are funded with a minimum of one million dollars (\$1,000,000) and irrevocably name FIUP as the ultimate beneficiary upon approval of the FIUP Executive Committee.

- *Charitable Remainder Unitrusts:*
 - The trust must pay a fixed percentage of the fair market value of the trust assets, determined annually, to the income beneficiaries.

- The donor may make additional contributions to the trust during the donor's lifetime or by bequest.
- *Charitable Remainder Annuity Trusts:*
 - The trust must pay an amount (usually based on a fixed percentage of the fair market value of the trust assets at the time the trust is created) to the income beneficiaries.
 - The donor may not make additional contributions to the trust once created.
 - If the income beneficiaries are to receive payments for a term of years, that term may not exceed 20 years.
- **Deferred Charitable Gift Annuity** is similar to a charitable gift annuity except that the beneficiary payments are deferred for a specific number of years (often anticipated age of retirement) which increases the ultimate payout rate. The minimum gift to establish a deferred charitable gift annuity is \$25,000.
- **Donor Advised Fund**, the donor sends an asset to a tax-exempt organization (often affiliated with a financial institution or a community foundation) as a gift to that entity. The asset is then in the name of and under the control of that entity. The donor then contacts the fund and advises it to make a gift to a qualified organization, such as FIUP. In this case the fund is the legal donor.
- **Donor Directed Fund**, the donor sends an asset to a financial institution or foundation for investment and safekeeping. The asset remains in the name – and under the control of – the donor. The donor contacts the institution and directs it to issue a check in the name of the qualified nonprofit, such as FIUP. In this case, the donor making the direction is the legal donor.
- **Estate Gifts** refer to a variety of provisions a donor may make for the FIUP in his/her estate plans, including will and revocable trust provisions, and designations in a life insurance policy or retirement assets.

All bequests, including bequests of retirement plan assets, should list the beneficiary as the “Foundation for Indiana University of Pennsylvania”. Authority to accept, process and acknowledge bequests is held with FIUP. FIUP will be responsible for sharing information with UA.

- **Life Insurance Ownership**
FIUP must be named as irrevocable owner and beneficiary of an insurance policy before a life-insurance policy can be recorded as a gift. The policy's fair market value (approximately the policy's cash surrender value when donated or Face Value if policy is paid in full) is available to the donor as a charitable contribution deduction in the tax year the policy is transferred to FIUP.

For those policies not paid in full, the donor must make annual contributions to FIUP in the amount of the premiums. These contributions will be receipted as charitable contributions.

If the donor does not elect to continue to make gifts to cover the premium payments on the life insurance policy, FIUP may surrender the policy for its current cash value.

- **Life Insurance Beneficiary Designations**

Donors and supporters of FIUP will be encouraged to name FIUP as beneficiary or contingent beneficiary of their life insurance policy. Such designations shall NOT be recorded as gifts to FIUP until such time as the gift is irrevocable.

Securities

Authority to accept and to sell gifts of securities is exclusively held by FIUP. Gift valuation of marketable securities is based on the average between the high and low on the valuation date, that is, the date of the actual transfer from donor ownership to FIUP. Gifts of non-publicly traded securities and restricted stocks are reviewed on a case-by-case basis by the FIUP Executive Committee.

- **Gifts of publically traded securities** such as stocks, bonds and mutual funds may be donated to FIUP.
- **Gifts of stock in closely held corporations or stock options** must be reviewed on a case-by-case basis subject to the approval of FIUP Executive Committee.

Property

Authority to accept gifts of property is held by the FIUP, in consultation with the appropriate IUP college/department/office. Such gifts not held for sale will be transferred to and put in place by IUP and will abide by IUP policies. Transfer of ownership will be reviewed on a case-by-case basis by the FIUP and require IUP approval.

- **Real Property**, also known as real estate, is land together with anything that is permanently attached to it, whether natural or artificial. This includes such items as trees, buildings, fences and swimming pools.

Prior to acceptance of real property, the FIUP shall require an initial environmental review of the property from the donor to ensure that the property has no current or potential harmful or unfavorable environmental impact. FIUP shall reserve the right to retain a qualified inspection firm to conduct an environmental audit. If the initial inspection reveals a potential problem then the cost of the environmental audit shall generally be an expense of the donor.

When appropriate, a title binder shall be obtained by the FIUP prior to the acceptance of the real property gift. The cost of this title binder shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift shall be approved by the FIUP Executive Committee and by the FIUP's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for the purposes of the FIUP and/or IUP?
 - Is the property marketable?
 - Are there any restrictions, reservations, easements, or other limitations associated with the property?
 - Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
 - Does the environmental audit reflect that the property is not damaged or had prior use that may result in longer term environmental liability?
- **Personal Property** is anything that is not real property. Personal property consists of two categories: tangible personal property and intangible personal property.
 - **Tangible Personal Property** is physical property, other than land or buildings (real property) that may be seen or touched. Unlike real property, tangible personal property is movable. Examples of tangible personal property include furniture, artwork, jewelry, books, vehicles (such as automobiles), rare manuscripts, historical memorabilia and equipment (such as computer hardware and software), and other specialized scientific instrumentation.

Additional approval is recommended from the following departments or their designees:

- The Dean of the College or division to which the property is to be given.
 - The IUP President if the gift is not directed to a particular college or division.
- **Intangible Personal Property** (patents and other intellectual property) is personal property the value of which stems not from its physical form or characteristics but rather from its intangible nature, such as patents, copyrights, and trademarks.
 - **Oil, Gas, Mineral and Water Rights** must be approved in advance by the FIUP Investment Committee

GIFTS-IN-KIND

General information on IRS appraisal requirements of donated gifts-in-kind can be provided to potential donors by UA and/or FIUP personnel. Donors are always advised to contact their personal financial advisors, tax attorneys, or accountants for tax deductibility advice prior to making the gift-in-kind.

Contributions of gifts-in-kind should first be approved by the respective dean, department chair or director associated with the proposed gift. Determination of accepting proposed gifts-in-kind is then

made by UA and FIUP personnel. All gifts-in-kind, except gifts to the University Museum, are received by FIUP and then transferred to IUP. Gifts-in-kind to the University Museum remain with FIUP and follow the University Museum Collection Management Policy.

IRS regulations state that for gifts of property, contractual rights, or similar intangible assets, the donor is to commission an independent appraiser to determine the value if the donor intends to claim a tax deduction, or to demonstrate how the value was determined for gifts below \$5,000. In cases of the gifts-in-kind with apparent value of less than \$5,000 or the donor is a corporation, foundation or an association who follow different IRS law, the donor is encouraged, but not required, to submit an appraisal and IRS tax form 8283. The FIUP Executive Director is the authorized signor for the Donee Acknowledgement section of form 8283. Donors contributing a piece of artwork created by the donor can receive a charitable gift receipt for the value of the supplies, with appropriate documentation, to create the artwork.

For Gifts-In-Kind with an apparent value of \$5,000 or more, an independent appraisal along with the IRS tax form 8283 signed by the appraiser is required by the IRS. Gifts-in-kind with an apparent value of \$5,000 or more and sold within two years of donation require that IRS Form 8282 be completed. Prompt notification by the department responsible for the sale must be made to FIUP, who, in turn, informs IUP Advancement Services (department of IUP University Advancement).

The general policy regarding the disposition of gifts-in-kind is that FIUP and IUP divests itself as rapidly as possible of gifts unless the gift-in-kind is placed in use by IUP. Disposition is made without regard to donor appraisal, and FIUP and IUP assumes no responsibility for any variance between appraised value and the amount obtained from the sale.

GIFTS OF SERVICE

Gifts of professional services or time, freely given and easily valued at usual market cost, and limited use of private property, such as rent-free use of home, office, piece of equipment or commercial property, are not generally accounted with a monetary value because *IRS regulations do not recognize such gifts*. It is recommended the college, department or division issue a thank you letter stating the gifts of service received without a value attached. *The thank you letter is not a charitable tax receipt.*

Out of pocket expenses include un-reimbursed expenses paid for by a person volunteering time to IUP, but does not include the person's time. **Credit for out-of-pocket expenses** must receive prior approval by the vice president, dean or department chair overseeing the proposed event. Such credit can only be given if the donor submits receipts or check copies directly indicating the vendor name and the goods purchased or expenses incurred, and receipts indicating acceptance of goods resulting from the expenditure. Any record of Gifts of Service will be kept by IUP.

Donor gifts of service, limited use of private property, and donations of out-of-pocket expenses nonetheless make valuable contributions to IUP's campaign objective. Donor soft credit or recognition in giving societies, etc is awarded upon approval of UA.

PLEDGES

A pledge is defined as an unconditional promise to give cash or other assets. Financial Accounting Standards Board (FASB) 116 requires that promises of private donations should be recognized receivables and revenue in the accounting period in which they are verifiable, measurable, probable of collection, and all applicable eligibility requirements have been met. For accounting purposes, a pledge need not be considered as legally binding, but as a non-binding promise of a gift in which the organization has a reasonable expectation that the donor will honor the commitment.

For pledges requiring substantial financial involvement, such as to build or renovate a space, the document will be drafted as a legally enforceable pledge and personnel should refer to the IUP Council of Trustees Naming Policy for funding requirements.

Pledge Documentation

Pledges should have a signed and dated pledge agreement, letter of intent, confirmation letter, or email stating the amount, the designation of the gift and the expected payment schedule, not to exceed five (5) years.

Conditional Pledges

Pledges conditional on certain circumstances coming to pass or on a future or uncertain event that must occur for the pledge to become binding on the donor are not reported externally until that condition is met. Conditional pledges are recorded as a liability on FIUP financial statements and not recorded in the UA database until the pledge is deemed unconditional. Examples of conditional pledges are challenge gifts. Once the challenge has been met, the pledge is deemed unconditional.

Campaign Pledges

According to CASE (Council for Advancement and Support of Education) Reporting Standards and Management Guidelines, the period in which donors may fulfill their pledges typically does not exceed five years. This does not, however, mean that an institution cannot accept longer period commitments or that the pledge must be satisfied during the official campaign period

Bequest Intentions

Bequest intentions without proper documentation from the donor cannot be recorded at face value. Bequests with proper written documentation from the donor, his/her attorney or financial advisor which consists of irrevocable documentation stating an irrevocable intention outlining the source of the gift and assumed value can be recorded as such.

Review of Aged Pledges

Pledges with an overdue balance will be reviewed by UA and FIUP personnel, at a minimum, semi-annually to determine whether the pledge should be written off, reduced, reserved against or maintained.

Pledges to create endowments not paid in full

Endowments will be established only with the receipt of a donor-signed pledge card. A maximum five (5) year pledge can be made to reach endowed level. UA approval is required for a pledge longer than

five (5) years. Donors should be informed that if contributions to the fund do not meet the required minimum for endowment (\$25,000) then the contributions will be placed in a general endowed fund.

If a pledge payment is 12 months past due, FIUP will contact UA personnel to make an inquiry of the situation. UA personnel are responsible for contacting the donor and determining the status of the pledge. After a reasonable number of attempts have been made with the donor to complete the pledge so the fund can achieve the endowed fund minimum, FIUP board has the authority to direct the funds to a general endowed fund. If the pledge payment is 24 months past due, FIUP will direct the funds to a general endowment fund and the donor will be notified in writing of the change.

ESTABLISHING A NEW FUND

General Principles

All restricted gifts requiring the creation of a new fund must be documented in writing from the donor. When a gift is accepted, FIUP assumes both a legal and an ethical obligation to conform to the intentions of the donor. For these reasons, it is essential that donors be encouraged to precisely indicate in writing those restrictions placed on or strong preferences for the use of funds provided. Terms of all restricted funds are to be kept on file in the FIUP office.

- Gift/fund terms and restrictions should accurately reflect donor intention and allow for maximum use and spending flexibility by IUP;
- Use of the gift/fund may not be administered by a donor, group of donors or designees outside of IUP or FIUP.
- Questions regarding the appropriateness of terms stipulated by a donor should be referred to FIUP personnel.

Fund Types

Special Purpose (or Temporary) Funds are resources received by FIUP that are available for immediate use to carry out the needs of IUP.

- **Temporarily restricted funds** have externally imposed (donor) limitations or stipulations placed on their use, but are intended for current purposes, such as scholarships, program support, research, or capital improvements.
- **Temporarily unrestricted funds** have no limitations or stipulations placed on them by external agencies or donors, nor have they been set aside for endowment or annuity or life income purposes.

Institution of Fund Forms are to be completed for all special purpose funds and can be found at [www.iup/foundation/forms for conducting business with the Foundation](http://www.iup/foundation/forms%20for%20conducting%20business%20with%20the%20Foundation)

Endowment (or Permanent) Funds are those the donors specify to be placed in perpetuity and invested for income producing purposes. The donor gift or principal amount is invested in the FIUP pooled endowment to provide both income and long-term growth. Only donors can permanently endow

a fund with a minimum gift requirement of \$25,000. Income from those investments may be restricted for specific purpose(s) by the donor. When the endowment is set up through a pledge, the endowment will be established only with the receipt of a donor-signed pledge card. A maximum five (5) year pledge can be made to reach endowed level. Donors should be informed that if contributions to the fund do not meet the required minimum for endowment (\$25,000) then the contributions will be placed in a general endowed fund.

Formal gift agreements are required when establishing a new endowed fund (endowment agreement).

Gift Agreements

Gift agreements are key instruments in ensuring the agreement (contract) between donor(s) and FIUP is mutually acceptable and understood, and that all gifts will be used according to the donor(s) intentions.

Gift agreements to establish a new endowed fund, should be first reviewed and approved by the appropriate college, department or program personnel in consultation with UA and FIUP personnel.

- Restrictions should be broad enough in scope to allow for use in perpetuity and, wherever possible, indicated as preferences.
- UA personnel working with donors are asked to complete the Criteria Checklist for Endowed Scholarship form (<https://iwiki.iup.edu>) and return to the FIUP office for the creation of a draft agreement.
- Once the draft has been approved by FIUP, the donor and appropriate college or department FIUP personnel will prepare the agreements for signature with a cover letter. FIUP will also contact the assigned UA personnel working with the donor for any additional correspondence to be included and is required to have the three originals (more if there are multiple donors) returned to FIUP for board member execution.
- Two authorized FIUP representatives must sign on behalf of the FIUP.
- Once all required signatures are obtained, FIUP personnel will distribute one original back to the donor, two originals to stay with FIUP and distribute copies to the appropriate UA personnel, IUP office of Financial Aid and the appropriate college or department.

ENDOWMENT SPENDING POLICY

Endowment spending distribution calculation is based on a five-year rolling average of market value as of June 30 of that year.

The endowment will be established at the time of the receipt of the funds, however since the June 30th value is used to determine payout values, the endowment will not payout until one full academic year following June 30. For example funds considered endowed by June 30 of 2016 will payout in 2017-2018. If a donor wants to make additional funds available for the scholarship prior to an annual amount being available, they can do so with direction to FIUP when the gift is received. Without documentation the donor's gifts will automatically be added to the principal of the endowed fund.

GIFTS WITHOUT DONOR DESIGNATION

Gifts received to FIUP without designation will be designated by the Foundation.

- Bequests referencing scholarships without any additional criteria will be placed in the Foundation General Non-Designated Scholarship fund (225321).
- Outright gifts and bequests without designation will be placed in the Fund for IUP fund (218408).
- For outright gifts without designation, IUP Advancement Services staff will research past giving in an attempt to determine where the gift should be placed. If no designated placement can be found then the gift will be placed in the Fund for IUP fund (218408).
- Requests for use of the General Non-Designated Scholarship fund will be made to the FIUP Executive Director by the IUP President or his/her designee. Requests over \$10,000 require approval from the FIUP Executive Committee.
- Requests for use of the Fund for IUP will be made to the FIUP Executive Director by the IUP President. All requests made outside of the annual budget requests will need to be approved by the FIUP Executive Committee.

NAMING RIGHTS are determined by IUP and the IUP Council of Trustees. All requests for naming rights must be submitted in writing to the VP of University of Advancement. FIUP needs to take a position on the naming of any FIUP owned buildings.

GIFT PROCESSING Gifts received to the FIUP must comply with IRS regulations, CASE Reporting Standards and Management Guidelines and the FIUP policies. IRS Charitable Contributions Guidelines can be found at <http://www.irs.ustreas.gov/pub/irs-pdf/p1771.pdf>. All gifts to FIUP must be processed through FIUP. IUP Advancement Services is responsible for recording all charitable gifts and issuing charitable gift receipts. It is the practice of FIUP and IUP to issue a charitable gift receipt for any size gift.

Documentation Requirements

In order to help ensure FIUP complies with donor intention, documentation for all gifts submitted to FIUP office should include:

- A clear statement of the donor's intention for making a gift and all supporting documentation provided by the donor.
- The following forms specific to the gift should be provided; a pledge payment voucher, gift form, event response card, or any written notes from the donor.
- For a new endowed fund, a donor signed agreement including (if not fully funded at time of creation) a pledge form.

Credit Card Payment of Gifts

Donors may make gifts to FIUP using a Visa, Master Card, Discover or American Express credit card. The FIUP will adhere to the University's adopted best PCI standards. Credit cards may be accepted in the following manner:

- In person (card present);
- Direct telephone contact: The constituent on the telephone should verify the payment card information twice. Agents of FIUP should not read the payment card data back to constituent, through a PCI-DSS compliant automated system that is entirely hosted by a PCI-DSS compliant third-party organization or physical mail Current PCI standards can be found at (<https://www.pcisecuritystandards.org/>).

The donor may make a single or repeating charge against a specific card.

Donors must provide:

- Type of credit card
- Account number
- Expiration date
- Security Code (CVV)
- Name on card or account holder
- Address including zip code
- Telephone number

Cardholder data must not be accepted or sent via email, text message, SMS, chat, etc. If an email is received, delete it from Inbox and Deleted Items folder. It is also necessary to delete it from the "Recover Deleted Items" folder. The staff member should follow up with constituent and advise the donor that this method of transmitting cardholder data is not secure. Advise the constituent we cannot process the payment and educate him/her on the appropriate methods of conveying a credit card payment

Cardholder data must not be accepted or sent via fax. If a fax is received with cardholder data, immediately shred and follow-up with donor.

In the instance UA or FIUP are offered payment card information during an off-site visit, the agent will provide the donor with a transmittal form or direct the constituent to an approved method of payment (e.g., online donation site, phone). The constituent may then fill out the form and mail it directly to the appropriate office. For compliance and security, employees are not permitted to store or take possession of cardholder data while off-site.

Note that the date of the gift is not the date the donor provides instructions to charge a credit card, but the date the gift is charged against the credit card. This can be an important issue for donors who want to make gifts within a specific calendar year for tax purposes, so donors should make sure instructions are received in time to process the gift before the end of the year.

Cardholder data received for manual processing should be processed within one business day of receipt. Cardholder data in written form is redacted immediately following authorization in the payment gateway. Acceptable forms of redaction are crosscut shred or incinerated so that cardholder data cannot be reconstructed.

Refunds for donations must be processed using the same credit card for the transaction. A different card may not be used.

Mask the Primary Account Number (PAN) when displayed (the first six and last four digits are the maximum number of digits to be displayed), such that only personnel with a legitimate business need can see the full PAN.

FIUP does not store authorized cardholder data in hardcopy or electronic form. Data pending processing must be stored in a secure location. Only authorized staff shall have access to the storage location.

Cardholder data may not be stored on any portable devices including but not limited to USB flash drives, cellular phones, and laptop computers.

Gift Acknowledgement

The charitable tax receipt will be issued by FIUP with assistance from IUP Advancement Services. All other acknowledgements are overseen by UA.

Gift Returns

Return of gifts to donors at their request requires approval by the appropriate UA and FIUP personnel. Tax notification must be sent by IUP Advancement Services if the gift returned is in a prior tax year. In this instance, the donor's social security number is needed.

WHEN GIFTS SHOULD NOT BE ACCEPTED

In recognition of problems often implicit for FIUP and the donor with regard to restricted gifts, the following policies apply:

- Gifts that do not enhance, promote, or further the purpose of FIUP or IUP and the long-range financial viability of the organizations will not be accepted.
- Gifts that necessitate illegal discriminatory use or administration violation of FIUP or IUP policies will not be accepted;
- A restriction on the use or administration of a gift keyed to the incumbency of any individual in an IUP post will not be accepted;
- Gifts that donors believe they can actively administer will not be accepted.
- Gifts that expose the organizations to adverse publicity, litigation or other liabilities will not be accepted.

- Gifts to support scholarships, fellowships or other forms of financial aid to students (1) cannot be limited or directed to relatives or descendants of the donor and (2) donor may not be administrator of the funds.
- Donations from or for employees may not be fully deductible when the funds are used to support the employee's/donor's own salary or used for travel or entertainment in which the employee/donor (or family members) participate. Donations can be directed to a department fund supporting all members of the department. Any funds used to support IUP employee salaries must be reported to the IUP payroll office.
- Gifts from faculty members to support their own research can only be accepted if the gift is for a specific IUP purpose. Contributions cannot be aside for the specific use of a person or persons but can be directed to a specific department, program or research area.

ANONYMOUS GIFTS AND GIFTS FROM UNKNOWN DONORS

Requests for donor anonymity will be honored. *Currently, an Anonymous Donor Policy is under review by IUP UA.*

MISCELLANEOUS OTHER

End-of-Year Contribution Policy

Contributions are deductible in the year made. In-person year-end contributions can be received in person in the FIUP office up until 4 p.m. of the last IUP working day of the year. Please check the IUP calendar to determine which day is the last working day of the year. Per IRS guidelines the following processes will be adhered to: Online credit card gifts can be received up until midnight on December 31. Stock gifts can be transferred into FIUP brokerage account and counted for the current calendar year if done on or before December 31. Donations received in the mail, excluding credit cards, will be receipted for December 31 as long as the postmark is dated December 31 or earlier. Any mail postmarked after December 31 will be receipted for the next calendar year.

Administrative Fees

FIUP recovers the administrative costs for managing the funds in its care by charging two types of fees. Special Purpose (or Temporary) Funds are charged a one-time financial Administration fee when the funds are deposited with the FIUP. The fee is five percent and approved annually by the FIUP.

Endowed funds are charged an annual financial administrative fee on the average amount continuously being invested by the FIUP on behalf of the donor. The administrative fee is approved annually by the FIUP. The annual fee for each fund is determined on the following sliding scale and is based on the fund's five-year average market value on June 30:

<u>Average Amount</u>	<u>Fee</u>
\$0.00 to endowed minimum	0.00%
Endowed minimum to \$49,999	1.50%

\$50,000 - \$99,999	1.25%
\$100,000 to \$999,999	1.15%
\$1,000,000 to \$1,999,999	1.00%
\$2,000,000 to \$2,999,999	0.85%
\$3,000,000 or higher	0.75%

DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, the FIUP declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.