

St. Norbert College



Advancement Services Policies and Procedures

October 2005

Last Updated: January 18, 2006

Acknowledgements:

**CASE: Management and Reporting Standards, Standards for Annual Giving and
Campaigns in Educational Fund Raising, 3rd Edition**

Duke University Advancement Services Policies and Procedures

**"Proposed College and University Examination Guidelines" of the Internal Revenue
Service (August 1994)**

I. MISSION OF ADVANCEMENT SERVICES	5
II. PRIVACY POLICY	6
STATEMENT OF PURPOSE	6
STATEMENT OF INFORMATION RELEASE POLICIES	6
III. DEFINITIONS	9
GIFT:	9
GRANT:	9
CONTRACT:	9
EXPENDABLE:	9
NON-EXPENDABLE:	9
UNRESTRICTED:	9
RESTRICTED GIFTS:	9
OPERATING FUNDS:	10
CAPITAL FUNDS:	10
ENDOWMENT:	10
QUASI ENDOWMENT:	10
IV. BANNER POLICIES AFFECTING GIFTS AND PLEDGES	11
MATCHING GIFTS	11
PLEDGES	11
PLEDGE REMINDERS	12
LEGAL AND MEMO CREDIT	12
V. REQUIREMENTS FOR RECORDING AND MODIFYING GIFTS AND PLEDGES	13
VI. METHODS OF GIVING	13
FOREIGN CURRENCY:	13
PAYROLL DEDUCTION:	13
BANK DRAFTS:	14
CREDIT CARDS:	14
ELECTRONIC BANK DRAFT:	14
TRANSFERRING SECURITIES TO ST. NORBERT COLLEGE:	14
VII. ESTABLISHING NEW FUND CODES.....	15
ESTABLISHING ENDOWMENT FUND CODES	15
VIII. SECOND PARTY GIFTS.....	17
IX. CORPORATE CHECKS OR PERSONAL RECORDS	18
X. STRATEGIC FUNDING INITIATIVE: COUNTING AND REPORTING STANDARDS.....	19
CAMPAIGN:	19
CASE MANAGEMENT AND REPORTING STANDARDS:	19
PRINCIPLES OF CAMPAIGN COUNTING:	19
CAMPAIGN COUNTING VS. CAMPAIGN RECOGNITION:	19
CAMPAIGN PERIOD:	19
PLEDGE PAYMENT PERIOD:	19
TYPES OF GIFTS:	19
WHEN TO REPORT GIFTS:	20
PLEDGES:	20
EXCLUSIONS:	20
VALUATION OF CAMPAIGN GIFTS AND PLEDGES:	21
EXCEPTIONS:	24
EFFECTIVE DATE:	24
XI. GIFTS ASSOCIATED WITH DIRECT BENEFITS TO DONORS	25
FUND-RAISING EVENT:	25
AUCTION:	25

BENEFIT:.....	25
RAFFLE:.....	25
XII. GIFTS OF NON-MONETARY ITEMS	27
GIFTS-IN-KIND:	27
OUT OF POCKET EXPENSES:.....	27
SERVICES:	27
LIMITED USE OF PRIVATE PROPERTY:.....	27
XIII. GIFT ACCEPTANCE AND DISPOSITION POLICY	29
GIFTS GOVERNED BY THIS POLICY:	29
CATEGORY 1 — TANGIBLE PERSONAL PROPERTY:.....	29
CATEGORY 2 — REAL PROPERTY:	30
CATEGORY 3 — LIFE INSURANCE:	31
CATEGORY 4 — OTHER ASSETS:	32
EXCEPTIONS:	34
EFFECTIVE DATE:	34
XIV. DEFERRED GIVING	35
BEQUESTS:	35
CHARITABLE REMAINDER TRUSTS:	35
UNITRUSTS:	35
ANNUITY TRUSTS:	35
GIFT ANNUITIES:.....	35
POOLED-INCOME FUNDS:.....	36
CHARITABLE LEAD TRUSTS:	36
DEFERRED GIFTS POLICY OF ST. NORBERT COLLEGE:	36
EFFECTIVE DATE:	37
XV. GIFT RECEIPTS AND ACKNOWLEDGMENTS.....	38
DEFINITIONS:.....	38
POLICY ON RECEIPTS:	38
OTHER ACKNOWLEDGMENTS:	38
XVI. NAMING OPPORTUNITIES AND GIFT RECOGNITION.....	39
PURPOSE	39
RECOGNITION GIFT AMOUNT.....	39
POLICY	39
GIFT AGREEMENTS.....	39
TIMEFRAME FOR PLEDGE GIFTS	39
NAMED GIFT APPROVAL PROCESS	39
NAMING RIGHTS FOR CAPITAL PROJECTS	40
NAMING RIGHTS FOR ENDOWMENT PROJECTS.....	40
NAMING RIGHTS FOR ANNUAL MEMORIAL SCHOLARSHIPS	41
NAMING RIGHTS FOR CAMPUS MEMORIALS.....	41
NAMING RIGHTS FOR CLASS GIFTS	41
SPECIAL NAMING AND MEMORIAL OPPORTUNITIES	42
NAMING OPPORTUNITIES FOR NON CASH GIFTS	42
XVII. GIFT CLUBS.....	42
CATEGORIES:	42
DONOR DESIGNATION:	42
MATCHING GIFTS:	43
GIFT CLUB RECOGNITION:	43
XVIII. FUND-RAISING POLICIES FOR FACULTY, STAFF AND CAMPUS ORGANIZATIONS	44
PURPOSES.....	44
BACKGROUND	44
POLICY	44
THE COLLEGE AND NON-COLLEGE FUNDRAISING INITIATIVES	46
CONCLUSION.....	47

XIX.	APPENDIX	47
A.	IRS AUDIT GUIDELINES	47
B.	IRS PROPOSED COLLEGE AND UNIVERSITY EXAMINATION GUIDELINES	47
C.	IRS ISSUES AND ANSWERS AS OF JANUARY 1, 1994	49

I. **Mission of Advancement Services**

The mission of Advancement Services is to use technology to research and manage data and to support and educate College Advancement staff to further the mission of St. Norbert College.

Advancement Services has met the challenge of growth and the implementation of a new information system beginning in 1999. Prior to the 1980 fiscal year, most gifts took the form of checks or cash and the volume was such that they might be recorded manually. In 1981, the need for information dissemination required the internal development of a software system to maintain gifts. The most comprehensive system at that time, AIMS, was implemented. By 1997, there was a need for campus-wide sharing of information and a new software package was purchased. SCT's Banner software provides an integrated campus wide software package. The package was purchased in 2000 and the Advancement module went live in July 2003. Prior to conversion, major data clean-up was required and all reports had to be rewritten after conversion.

Now, Advancement Services processes gifts made by cash, electronic bank drafts, payroll deductions, credit cards, and securities. Advancement Services looks forward to continued growth and expanded staff expertise. In 1983, over 2,814 donors contributed \$1,290,730, compared to fiscal year 2003 where 4,816 donors gave \$5,705,217.

II. Privacy Policy

St. Norbert College Records Information Release Policy (2004):

Statement of Purpose

St. Norbert College maintains a database (Banner) of biographical and gift/pledge information about alumni and friends in accordance with the general needs and expectations of the College community. The information contained in this database is intended exclusively for purposes related to St. Norbert College programs.

It is the desire of Advancement Services to support the ongoing activities of St. Norbert College by providing assistance for programs, communications, and events that bring together the expanding orbit of constituents of the College. In order to provide the best possible service to those with legitimate needs for such information, and at the same time maintain the confidentiality of the information entrusted to us by our constituents, the following policies have been developed. These policies were approved in 2004 by the Vice President for College Advancement and now apply to every request for information.

Statement of Information Release Policies

1. The following organizations and individuals may request information from the Banner database
 - a. St. Norbert College affiliated organizations and constituent groups, in support of approved activities, including:
 - Office of Alumni & Parent Relations
 - Constituent groups approved by the Office of Alumni & Parent Relations
 - Office of College Advancement
 - Other administrative units
 - Academic units
 - Athletic programs
 - Office of Career Development

In cases of dispute about whether an organization has a legitimate affiliation with the College, the final decision will rest with the Vice President for College Advancement or the Director of Advancement Services as the Vice President's designee.

- b. Other colleges and universities seeking the location of alumni with degrees from both St. Norbert College and the requesting institution
 - c. Law enforcement agencies and student loan agencies
 - d. Agencies that assist Advancement Services in locating St. Norbert College's alumni

Any other requests will be forwarded to that person whose information is sought so that he/she can decide whether or not to contact the requestor. No information will be released for those records coded "No Contact" indicating the alumnus or alumna has requested no College contact. The same rule will apply to records coded Confidential.

All requests for information from members of the media must be referred to the St. Norbert College Office of Communications.

2. The following information may be released from the Banner database:

"Public information," which is limited to:

 - Full name
 - Degree(s) and date of degree(s) awarded by St. Norbert College
 - Major field of study
 - Class Year

"Public information" will be provided only to those requestors identified above.

Federal law severely restricts the amount of information that may be released on current students. Therefore, no information on students will be released based on data maintained in Banner. All requests for information on current students should be forwarded to the Registrar's Office.

Information provided to volunteer alumni constituent groups would be limited to those alumni who are affiliated with the requesting group.

In addition to public information, requests from the College Advancement, Alumni & Parent Relations, administrative, academic, or athletic units of St. Norbert College and central administration will be provided the following information:

- Employment
- Student activities
- Alumni activities
- Family members
- Degrees obtained from other institutions
- Miscellaneous comments, awards and text
- Gift and pledge data

3. The following statements specify the acceptable internal uses of information from the alumni database:
 - a. Advancement Services will make available information from its database for the support of approved, College-related activities.
 - b. Approved activities include:
 - Alumni & Parent Relations
 - Fundraising
 - Public relations
 - Government relations
 - School/department communications to alumni/constituents
 - College-sanctioned research
 - Continuing education programs
 - Student recruitment

In cases of dispute about what constitutes an approved activity, the final decision will rest with the Vice President for College Advancement or the Director of Advancement Services as the Vice President's designee.

4. Information maintained in Banner is not available for release for non-related commercial or political purposes.
5. If the information provided will result in the preparation of lists or directories that are to be published in book, magazine, newsletter or other forms for general distribution among alumni groups, prior to publication each individual who might be included must be provided the opportunity to indicate in writing whether he/she wishes to be excluded.
6. Requestors of data from Banner may contract the services of outside vendors (e.g. data processing consultants, direct mail firms, marketing and merchandise firms, etc.) to process and/or distribute information obtained from Banner. In these cases:
 - a. The vendor must agree to use the information only for the purpose intended by the College client. The sale or transfer of the information by the vendor is strictly prohibited.
 - b. If the project in question results in the publication of directories or lists as identified above, the procedures outlined must be followed prior to publication.
 - c. The vendor must ensure the prompt return of any College-owned computer tapes or electronic software provided in fulfillment of the contract.
 - d. The College client or the vendor agrees to pay any costs associated with systems programming or special data processing that might be required beyond the normal capabilities of the Banner computer system.
 - e. In all cases involving the use of outside vendors or contractors, the absolute confidentiality of the information provided from the alumni database is the responsibility of the requestor.
7. Formats available for distribution of information:

Information may be obtained in the form of lists, labels, computer tapes, diskettes, and downloads by authorized College representatives in support of approved activities as noted above. It is the responsibility of the unit requesting information to maintain the absolute confidentiality of that information as specified in this policy statement.

8. Compliance with these policies:

Failure to abide by any of the policies stated within this document may result in denial of access to information contained in the Banner database. Request for reinstatement of access to this information must be approved by the Vice President for College Advancement or a designee and must include written assurance of future compliance with these policies.

III. Definitions

Each of the policies contained in this manual provides descriptions and definitions pertinent to that particular topic. As such, some of the more generic terms used in Advancement Services may not be adequately described. Below is a list and description of these commonly used terms.

Gift:

A voluntary transfer of things of value from individuals, industry, foundations and other sources to the College for either unrestricted or restricted utilization in the operation of the College, for which the College has made no commitment of resources or services, other than the possible agreement to the designation of the use of the gift by the donor. Gifts usually take the form of cash, checks, securities, real property, or personal property. The donor must relinquish control of the contributed funds or property for it to be considered a "gift".

St. Norbert College is a 501(c)(3) tax-exempt organization and is qualified as such in that it is "...organized and operated exclusively for...scientific...or educational purposes..., no part of the net earnings...inures to the benefit of any private shareholder or individual,...". No one should make a gift to the College where he or she stands to receive private gain from the gift.

Grant:

Revenues received by the College from individuals, industry, foundations, and other sources, for the support of College programs and projects. Grants normally fall into two categories:

Non-Specific Grants are those received by the College in support of restricted programs or projects, but which do not result from a specific grant proposal, no specific resources or services are committed, and no accounting of the use of the funds is required.

Specific Grants are those received by the College in accordance with the terms of approved grant proposals for specific programs and projects. Commitments of College resources or services are made as a condition of the grant, and the grantor may require an accounting of the use of the funds.

Unlike gifts, grants are revocable and unexpended funds may be returned to the sponsor.

Contract:

Restricted payments received by the College from various contractors, made in accordance with the terms of contracts entered into by the College to conduct specific programs. Contracts are not considered to be charitable contributions of gifts.

Expendable:

Gifts, grants and contracts, given or paid to the College, which are to be expended in support of various programs or projects.

Non-expendable:

Gifts or bequests, given to the College, to establish or increase endowment funds and to become non-expendable/non-lendable principal of the endowment funds.

Unrestricted:

Gifts or bequests, given to the College, wherein the donor has not specified how the gift or bequest is to be utilized.

Restricted Gifts:

Grants or contracts, given or paid to the College, wherein the donor or granting and contracting organization has specified that the gift, grant, or contract is to be used to support specific programs or projects.

Operating Funds:

Money applied directly to meet regular, ongoing expenses incurred in the general operation of the College. May be either designated to specific purposes or other times unrestricted as to use.

Capital Funds:

Resources earmarked for (1) building construction, renovation or remodeling; (2) equipment; or (3) books and other non-disposable items.

Endowment:

Funds which are kept intact and invested; a portion of the earnings from which are applied to purposes designated at the outset by the donor. The proportion of earnings applied in this manner and the proportion reinvested for growth of principal are determined by the Board of Trustees.

Quasi Endowment:

Funds, which the Board of Trustees, upon recommendation of administration, decides to retain and invest. There are two types of quasi endowments: unrestricted and restricted. Concerning the unrestricted, the Board has the right to decide at any time to expend the principal of such funds and to designate how the income is to be spent. As to the restricted, while the Board decides to establish an endowment account with the funds, the donor may use neither the principal nor the interest for any purpose other than that designated.

IV. Banner Policies Affecting Gifts and Pledges

The following is a summary of policies, or standards, which affect either the gift entry process or the status of a gift.

Matching Gifts

1. In order to record a matching claim, four criteria must be met. First, there must be a "Business Affiliation" record (Employment record) between the donor and the matching entity. Second, the matching entity **must** have a 'Y' indicated in the 'Matching' field on the Organization Information screen indicating that it has an active matching program. Third, the donor **must** have a corresponding ID number on their business affiliation record (APAXREF). Fourth, the matching gift company must be cross-referenced with a corresponding ID and the matching gift field (APAEHIS) must be checked.
2. The Gift Coordinator is responsible for ensuring that all organization matching program information is current and properly maintained. Only this person should perform any modifications to this information. In the absence of the Gift Coordinator, recommended changes should be brought to the attention of the Director of Advancement Services.
 - a. In addition to maintaining accurate matching program criteria, the Gift Coordinator is also responsible for providing information (online) concerning specific matching program restrictions and information. During gift entry, the person entering the gift will enter availability of additional matching information. On the Matching Gifts information screen, all vital information affecting how to handle the gift will be updated. Additionally, the Coordinator will, as necessary, create and maintain a 'matching' address record for organizations. This record will be used to identify where to send matching gift applications and provide other pertinent information.
 - b. Matching claims will be automatically created based on the ratio and minimum and maximum amounts contained in the Matching Gift information record (AOAORGN). This amount **can** be overridden during gift entry if it is known for a fact that there will be an exception made. These exceptions should be noted and brought to the Gift Coordinator's attention. At the time the claim is created the presence, or lack of, a matching gift application will be noted. If no form was submitted a reminder to send a form will be printed on the gift receipt. After 90 days, if no form has been received, the claim will be deleted.

Pledges

1. Pledges are only to be recorded when full payment is expected at some point in the future. There must be some document, either from the donor to the College or from the College to the donor, outlining the pledge agreement. Financial Accounting Standards Board statement FAS116 requires non-profit organizations to regard pledges in much the same manner as accounts receivable. Therefore, there must be a clear understanding of the donor's payment intentions/schedule so that future anticipated payments can be value-dated. Furthermore, there must be proof that pledges are in good standing. Pledges not in good standing, for which there is no amplifying correspondence with the donor outlining revised payment terms, are subject to direct investigation by the College's auditors. If full payment is received at the same time a "pledge" is made, **no** pledge record should be created.
2. Pledges **can be** over-paid. In other words, if the final payment against a pledge will cause the sum of all payments to exceed the original pledged amount, the College will accept the payment without requiring a modification to the pledged amount. This situation will most likely occur when the payment is made by a gift of securities. If, however, the donor specifically indicates he/she is increasing his/her pledge, the pledge record must be modified and, if necessary, rescheduled. On the other hand, if the donor indicates he/she wishes to establish a new pledge with the excess payment, a new pledge record must be created and the payment split accordingly.
3. Once the sum of all pledge payments exceeds 99% of the pledged amount, Banner will **automatically** mark the pledge as paid. This will be useful for those cases when the donor makes a payment with stock, with the intention to pay a pledge with this single gift transaction.

Pledge Reminders

The Gift Coordinator will automatically generate a pledge reminder in the anniversary week of the pledge or in accordance with the payment schedule. This will occur as long as there is an outstanding balance on the pledge. If the gift is spread and payments are current, an informational reminder is generated showing a balance due of \$0.00. If the initial payment date field has been modified as requested by the donor, annual reminders are generated in the specified week, beginning in the specified year.

In cases where an Annual Fund donor has requested a reminder in a certain month, the Gift Coordinator will generate a reminder for him/her automatically. To do so requires the placement of a special handling code on the pledge as well as entering an appropriated anticipated payment date.

The College recognizes that some donors desire more frequent reminders. Exceptions to the annual reminder are available. Banner has been modified to accommodate seven different payment schedules:

- AN = Annual Payment
- BM = Bi-monthly
- BW = Bi-weekly
- DY = Day (certain specified days)
- MO = Monthly
- QT = Quarterly
- SI = Semi-annually

Legal and Memo Credit

Legal Credit is given to the entity from which a contribution is received. A donor could "legally" treat their gift as a charitable contribution. Memo credit, herein referred to as "soft credit," is given to show affiliation with a gift. Soft credit donors **cannot** regard the gift as a charitable contribution.

Banner has the ability to create soft credit for every gift equal to the primary legal gift/pledge amount. This soft credit amount can be overridden to an amount less than the legal amount of the gift, but never in excess of the legal amount.

If there are associated donors for a gift, the soft credit amount initially will be set equal to the legal amount of the gift. As above, this amount can be overridden to an amount less than the legal amount, but not in excess of the legal amount.

The sum of all soft credit amounts associated with a single gift can exceed the legal amount. This is acceptable. Banner will not, however, permit the sum to be less than the legal amount.

V. Requirements for Recording and Modifying Gifts and Pledges

There is only one requirement for recording a gift: the actual gift must be in hand! There are, however, a few circumstances under which the College can record a pledge or modify an existing pledge or gift. For purposes of the discussion below, only legal (gifts made by the donor), as opposed to soft (gifts made on behalf of the donor), pledges and gifts are being considered.

Pledges may be recorded:

- a. when obtained through an authorized phonathon and submitted to the gift coordinator.
- b. when instructed in writing by the donor, with the Gift Coordinator having a copy of the pledge document. Signed endowment agreements satisfy this requirement.
- c. when the donor makes a verbal commitment to a member of the College Advancement staff who confirms his or her understanding of the pledge by a letter to the donor. The Gift Coordinator must have a copy of this correspondence and also receives written approval from the Vice President for College Advancement. Memos to "file" or internal memoranda to the Gift Coordinator are not sufficient.
- d. Verbal commitments, for which there is no documentation as specified above, will not be recorded as pledges except in the rare case when the Vice President for College Advancement and the President provide a written approval and an explanation for doing so.

Under no circumstances may an existing pledge or payment be modified without the Gift Coordinator having written documentation. This may come in the form of a letter or email from the donor or a letter or email to the donor from a member of the College Advancement staff. The only exceptions to this rule are the yearly write-offs of Annual Fund pledges, corrections of errors made by the Gift Coordinator, and personal contact by the donor.

Soft pledge and gift amounts can be modified as long as the request is in writing.

VI. Methods of Giving

The standard methods of making a contribution, mailing a check or delivering cash, are not the only form of payment mechanism available through Advancement Services. Other payment mechanisms are described below.

Foreign Currency:

Foreign currency, US dollars drawn on foreign banks, and foreign "dollars" may all be submitted and treated as gifts. The internal procedures vary depending on the nature of the item submitted for processing, but the result is the same. The donor will receive credit in US dollars for the amount the gift is valued at, based on current exchange rates, as of the day of receipt.

St. Norbert College can incur substantial bank fees to process these gifts. Foreign currency/checks drawn on foreign banks are assessed a \$50/item handling fee. US currency items drawn on foreign banks will be assessed fees ranging from \$2 to \$35. For this reason the College will discourage a donor from sending a gift that is not in US denomination and drawn on a US bank.

Payroll Deduction:

St. Norbert College employees are eligible to make charitable contributions to the College via payroll deduction. The deductions occur every pay period for a pre-determined static amount. The amount can be changed, and the deduction can be stopped at any time by contacting the gift coordinator. Annual Fund deductions are set up to last for the duration of the fiscal year. All other gifts can be established for any duration, but not less than six months. When employees have satisfied their pledge they are automatically contacted by College Advancement and asked if they would like to continue with a new pledge.

Bank Drafts:

Donors may elect to have the Gift Coordinator electronically debit their checking or savings account regardless of where they bank. These drafts are established for indefinite periods and may only be stopped when gift records receives a written request from the donor. If donors are interested in this program they should be referred to the gift coordinator. Once the form is completed and returned it will take the bank roughly one month to establish the standard transaction.

Credit Cards:

VISA, MasterCard, Discover, and American Express can be used to initiate a gift to St. Norbert College. The Gift Coordinator must be provided with the name as it appears on the credit card, the credit card number and expiration date, and an amount to process this type of gift. It is not necessary to be in possession of the credit card. Extreme care must be taken in delivering credit card information to the Gift Coordinator.

Electronic Bank Draft:

EFT is the name used to describe the financial service of electronically transferring funds from one account to another instead of using the current checking system.

Through EFT, St. Norbert College offers the opportunity to make a gift without writing a check. With authorization, on the same day each month the College will automatically debit from a financial institution account the amount designated. At any time the donor desires, they may change or cancel authorization.

Transferring Securities to St. Norbert College:

When a donor indicates a desire to make a contribution in the form of a marketable security, the Vice President of Business and Finance or his/her designee must be contacted to assist in the transfers of stock.

The preferred method of delivery of stock is by Depository Trust Corporation.

When the security transaction is complete, the donor will receive a standard gift acknowledgment from College Advancement indicating the type and number of shares received and the value date.

VII. Establishing New Fund Codes

Depending on the destination and nature of funds given to St. Norbert College, a designation or fund code may need to be established permanently to house the funds. Specific procedures for fund establishment can be found by contacting the Vice President of Business and Finance or his/her designee. The following summary is provided to help explain the nature of designation, endowment and suspense codes.

It must be emphasized that Advancement Services **does not** create fund codes, nor does it facilitate the creation of fund codes. It may, however, provide guidance concerning the creation of a new code. The Gift Coordinator can and does temporarily hold funds until an exact destination is determined. This is done to ensure that money is not credited to the wrong fund code. This slows down the deposit and acknowledgment process. If this process can be set up prior to the gift coming in, the delay will be minimal.

The terms of any designated or endowed fund must include language to permit the trustees to assign different, alternative or modified but related use of such funds as conditions dictate in some distant future. The donor may authorize such actions by including the following clause in the transfer of assets while living, or by bequest.

"If, in the opinion of the trustees, all or part of the earnings of the fund cannot be usefully applied to the purpose designated (or in the manner requested), the trustees may use the same for any purpose within its corporate powers to decide or for any other purpose which, in their opinion, will most nearly accomplish the donor's purpose, wishes, or intent."

Named endowment funds can be established only for those amounts of \$25,000 or as is appropriate for the purpose requested "named Fund" minimums are reviewed annually to address changing markets and requirements of the endowment. Each named endowment is considered "open-ended" and growth is encouraged.

Establishing Endowment Fund Codes

An endowment Fund Code may be established in both the general ledger and Banner upon receipt of a pledge with a payment or outright gift. This does not apply if the "pledge" merely represents a statement by a prospective donor that he or she either has included or intends to include a bequest to St. Norbert College in his or her will. In the latter case, such "pledges" may be treated by the Office of College Advancement on any memorandum basis they may choose but no entry should be made in the general ledger system or Banner (other than an "in will" indicator) until the College has received confirmation that the will has been submitted for probate and actually includes a specific bequest.

Steps for establishing endowments are:

1. The Office of College Advancement will have sole responsibility for completing the endowment fund agreement form, which include:
 - a. the name of the endowment fund
 - b. information concerning income distribution, the purpose of the endowment fund, and related data
 - c. a signed agreement from the donor including signatures of the donor(s), the Vice President for College Advancement and the Vice President for Business and Finance. Funds to benefit academic programs should also have the approval and signature of the Vice President for Academic Affairs.
 - d. if an agreement is not signed and a gift is obtained, the Office of College Advancement will need to draft a letter stating the reason why the donor has not signed or when the donor intends to sign. This letter and a blank copy of the endowment agreement will need to be given to the Gift Coordinator prior to a fund code being created. The endowment and expendable fund codes will be established on a preliminary basis over the telephone between the Gift Coordinator and the appropriate individual in the Vice President of Business and Finance or his/her designee; however, these codes will not be made effective within the general ledger system until either the Vice President of Business and Finance or his/her designee receives the approved agreement, or there is an asset to record.
2. Upon receipt of properly endorsed forms in the Vice President for Business and Finance or his/her designee, the new endowment funds will be established in the general ledger system.

Pledges to new endowments for which no payments have been made may be recorded in Banner using an Endowment Unrestricted code. Once a payment is received and code assigned, this fictitious entry in Banner is deleted and the true fund code recorded and the pledge is recoded.

VIII. **Second Party Gifts**

CASE's *Management and Reporting Standards for Annual Giving and Campaign in Educational Fund Raising*, 3rd Edition states on page 53: "In most cases where a contribution passes through several entities—such as from an individual to an organization to an institution, or from an organization to another organization to an institution—cite as the source of the gift the last of the entities through which it passes before being received by the institution."

Therefore, a gift to St. Norbert College made by an organization on behalf of an individual or other donor will be credited to the entity distributing the gift to the College. Such gifts will include, but not be limited to, gifts from family foundations, community foundations, family or closely held corporations, and other donor-directed gifts that are not personally given.

All such second-party gifts may be entered as soft credit or "on behalf of" gifts under the individual records designated to receive gift credit by the second party. This ensures proper recognition and gift accounting. This is done only when specifically approved by the Vice President for College Advancement or his/her designee.

IX. **Corporate Checks or Personal Records**

Under no circumstances should a corporate contribution be recorded on an individual's record. Not only does this apply to matching gifts, but any other corporate gift. Not only would such an entry falsify information available in official IRS matters, but it would negatively affect corporate fund-raising totals. Furthermore, the CASE/NACUBO Management Reporting Standards specifically state, "A check drawn from a business account should be credited to the CORPORATIONS AND BUSINESSES category."

The College recognizes that, for some donors, there is slight difference between personal and business checking accounts, but the College must nonetheless abide by this standard. It is possible to lessen the concern and give intentioned credit to the donor by inserting the following on the comment line for the gift: "On behalf of [Name of individual]". Soft credit will be issued in certain circumstances.

X. **Strategic Funding Initiative: Counting and Reporting Standards**

Campaign:

For the purposes of these standards the St. Norbert College Strategic Funding Initiative (SFI) shall be considered to be a "campaign". The terms "SFI" and "campaign" shall be used interchangeably.

CASE Management and Reporting Standards:

St. Norbert College recognizes and will adhere to the Council for Advancement and Support of Education (CASE) *Management and Reporting Standards for Annual Giving and Campaign in Educational Fund Raising, 3rd Edition*.

Principles of Campaign Counting:

St. Norbert College will adhere to the following principles for counting SFI gifts:

- i) Only those gifts and pledges actually received or committed during the specific period of time identified for the SFI should be counted in SFI totals.
- ii) Exceptions to subsection (i) above may be made and gifts and pledges made prior to the start of the SFI may be "grandfathered" only if they meet at least one of the following five criteria:
 1. the gift or pledge was made with the explicit understanding that it would be counted in SFI totals
 2. the gift or pledge was a challenge grant that will be met during the SFI period
 3. the gift or pledge was in support of a capital project that will be a fund-raising priority of the SFI
 4. the value of any canceled or unfulfilled pledges must be subtracted from SFI totals when it is determined they will not be realized
 5. the exception has been approved by the Vice President for College Advancement, the President, and the SFI chair.

Campaign Counting vs. Campaign Recognition:

These counting standards are intended to help St. Norbert College accurately report and project the financial impact of the SFI. How certain gifts are counted may necessarily differ from how those same gifts and their donors are recognized. For instance, the \$1 million 55-year-old donor of an irrevocable charitable trust should still be recognized as a \$1 million donor even though his/her gift may have a present value and campaign counting value of just \$620,000.

Campaign Period:

For purposes of these standards, the "campaign period" refers to the total time encompassed by the active solicitation period for the SFI.

Pledge Payment Period:

The pledge payment period should not exceed five years, except when approved by the Vice President for College Advancement, the President, and the SFI Chair.

Types of Gifts:

A campaign is a broad-based comprehensive endeavor that will include, but not be limited to, gifts of cash, marketable securities, closely held stock, real property, tangible and intangible personal property, deferred life income plan and charitable lead trust gifts, remainder interests in residences and farms, life insurance, bequest and other testamentary gift intentions, gifts-in-kind, and private grants. Such gifts must be needed by the College for use in a manner that is related to the mission and heritage of the College and for one of the purposes for which the tax-exempt status of the College was granted: education, research, or a combination thereof.

When to Report Gifts:

Outright gifts should be reported only when assets are transferred irrevocably to the institution. Deferred gifts should be reported only when assets are transferred or, in cases where no assets are transferred, when a legally binding deferred pledge agreement or other irrevocable document is consummated with the institution.

Pledges:

- (1) **Verbal Pledges:** Verbal pledges should not be reported in campaign totals. For internal tracking purposes, verbal pledges should be documented and submitted to the Director of Advancement Services.
- (2) **Pledges of Cash:** Pledges of cash should be in writing and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledge payment period, regardless of when the pledge is made, should not exceed five years. Therefore, a pledge received even on the last day of the campaign is counted in campaign totals and may be paid over a five-year period.
- (3) **Testamentary Pledges and Deferred Pledge Agreements:** Testamentary pledges and pledges of deferred gifts shall be included in campaign totals if they satisfy the following two requirements:
 - (a) The commitment must have a specified amount or percentage of the estate stated in the will based on a credible estimate of the future value of the estate at the time the commitment is made. Note: Fund-raising practitioners will appreciate that there is no single or simple way to estimate the future value of an estate commitment. For this reason many institutions have chosen to exclude testamentary pledges entirely from campaign totals. Nevertheless, others feel that testamentary gifts should be included in campaign reports, especially since these often are part of a total campaign commitment being made by a donor. The key to making the decision about whether these types of gifts should be given campaign credit is often the determination of future value of the estate. At best, this requires a judgment call to be made by the institution after conversation with the donor and his/her attorney.
 - (b) The commitment must have verification in one of the following forms:
 1. a letter from the donor or the donor's attorney affirming the commitment and stating that the institution will be informed of any changes in the will that might be made in the future;
 2. the commitment could be accompanied either by a deferred-pledge agreement or a contract to make a will (but bear in mind that in some states those options have not been legally affirmed).

Exclusions:

The following types of funds should be excluded from SFI report totals:

- (1) Gift or pledges, outright and deferred, that have already been counted in previous campaigns, even if realized during the new campaign-reporting period;
- (2) Investment earnings on gifts, even if accrued during the SFI-reporting period and even if required within the terms specified by a donor (the only exception permitted to this exclusion would be interest accumulations counted in guaranteed investment instruments that mature within the time frame of the campaign, such as zero coupon bonds);
- (3) Earned income, including transfer payments from medical or analogous practice plans;
- (4) Surplus income transfers from ticket-based operations, except for any amount equal to that permitted as a charitable deduction by the IRS;
- (5) Appreciation in the value of donated assets after the gift has been received by the College
- (6) Contract revenues and tuition payments
- (7) Contributed services, except for those permitted as a charitable deduction by IRS; and
- (8) Governmental funds. (It is recognized that certain state and federal government programs requiring private matching funds bear a special relationship to the encouragement of philanthropy, but campaigns are clearly instruments of philanthropy while governments are channels for the implementation of public policy. While both philanthropy and public policy may be motivated by compassion for others, only philanthropy involves the disposition of privately held resources for the public good.)

Valuation of Campaign Gifts and Pledges:

The following policies concerning the valuation of gifts closely follow the *CASE Management and Reporting Standards for Annual Giving and Campaign in Educational Fund Raising, 3rd Edition*. In regards to valuation of assets transferred to St. Norbert College, the College will adhere to current IRS regulations for the protection of its donors. As IRS regulations change, the gift valuation policies may also require modification. It should be noted that prior approval by the Vice President for College Advancement is required for the acceptance of all gifts other than (1) cash or (2) publicly traded securities.

(i) **Cash/Checks**

Cash/checks will be reported at full value as of the date received.

(ii) **Marketable (Publicly Traded) Securities**

Marketable securities will be counted at the average of the high and low quoted selling prices on the date the donor relinquished dominion and control of the assets in favor of St. Norbert College (or the average of the bid/ask in the case of certain securities). The method of delivery of the securities to St. Norbert College will determine when a donor has relinquished dominion and control. For example, stock electronically transferred is valued as of the date of transfer. Stock in the name of the donor, which has been mailed to St. Norbert College, is valued as of the latest date of postmark of either the stock certificate or signature guaranteed stock power. Stock directed by the donor to be registered in the name of St. Norbert College on the books of the corporation is valued as of the date such stock is so registered. Stock hand delivered to St. Norbert College by the donor in negotiable form is valued on the date received by St. Norbert College.

(iii) **Pledges of Cash and Marketable (Publicly Traded) Securities**

Pledges of cash should be in writing and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledge's payment period, regardless of when the pledge is made, should not exceed five years. Pledges of cash will be reported at full value.

(iv) **Closely Held Stock (Non-Publicly Traded)**

Gifts of closely held stock, approved by the Vice President for College Advancement and exceeding \$10,000 in value, will be reported at the fair market value placed on them by a qualified independent appraiser as required by the IRS for valuing gifts of non-publicly traded stock. Gifts of \$10,000 or less may be counted at the value determined by a qualified independent appraiser (including an independent CPA who maintains the books for a closely held corporation) or at the per-share cash purchase price of the most recent bona fide transaction involving such stock (which must have occurred within the 12 months preceding such gift) or at the price such stock is redeemed during the campaign period.

(v) **Gifts of Property**

Gift of real property shall be subject to terms and conditions as set forth in the *St. Norbert College Policy for Accepting Gifts of Real Estate*.

Gifts of personal property, approved by the Vice President for College Advancement and the Vice President for Business and Finance, for which donors qualify for a charitable deduction, will be counted at their full fair market value as substantiated by a qualified appraisal and/or IRS Form 8283 by the donor.

Gifts-in-kind, such as equipment and software, will be counted at their educational discount value, which, for purposes of these standards of reporting, shall be deemed to be fair market value. When no educational discount value can be determined, especially in the case of donated software, a value of 50% of retail will be deemed fair market value and so counted for SFI purposes.

(vi) **Irrevocable Life Income Gifts: Charitable Remainder Trusts, Pooled Income Funds, Gift Annuities (Current and Deferred)**

1. Irrevocable life income gifts to St. Norbert College having a remainder value equal to or greater than 25% according to the IRS tables shall be counted at full market value for SFI purposes.

Example: A donor makes a gift of \$100,000 to a charitable remainder unitrust. St. Norbert College's remainder interest is calculated under the IRS tables to be \$50,000, or 50%. The donor's gift is thus counted for SFI purposes at its fair market value of \$100,000.

2. Current College policies require that there be at least a 25% charitable remainder value in any trust for which St. Norbert College serves as trustee. Those arrangements having a remainder value less than 25% according to the IRS tables will be discounted 20% for each 5% or portion thereof under 25%.

Generally, the lower the value of the remainder interest percentage, the more remote is St. Norbert's interest.

Example: A donor makes a gift of \$100,000 to a charitable remainder unitrust. St. Norbert College's remainder interest is calculated under the IRS tables to be \$23,000, or 23%. Since St. Norbert's remainder interest is between 20% and 25%, the donor receives SFI credit for \$80,000, representing a discount of 20% from the gift's full fair market value. If the College's interest were calculated to be worth \$12,000, or 12%, the donor would receive SFI credit of \$40,000, applying a 60% discount to the full fair value.

3. SFI credit will be given for charitable remainder trusts administered outside of St. Norbert College, provided the College's interest in such trust is irrevocable and verifiable. With respect to all life income arrangements, whether or not administered by St. Norbert College, SFI credit shall be given only to the extent that the College's remainder interest is irrevocable.

Example: St. Norbert College is presently the sole charitable beneficiary of an otherwise qualifying charitable remainder trust but the donor has given the trustee the right to divert 50% of the principal to other charities. The donor will thus receive SFI credit for only 50% of the full fair market value of the trust. If the trustee can divert only 25%, however, the donor gets credit for 75%.

(vii) **Remainder Interests in a Residence or Farm**

A gift of a remainder interest in a residence or farm shall be counted for SFI purposes at full fair market value of the residence or farm. An appropriate discount shall be applied where the remainder value is under 25% according to the IRS tables in accordance with the provisions relating to irrevocable life income gifts.

(viii) **Irrevocable Charitable Lead Trusts**

SFI credit shall only be given to the extent a charitable lead trust is verifiable and St. Norbert College's interest therein is irrevocable.

1. Irrevocable Charitable Lead Annuity Trust (CLAT): The aggregate amount of the anticipated annuity payments to be received over the first five years of the trust shall be counted at full value. Anticipated annuity payments to be received in year six and beyond shall be counted at their discounted present value.

Example: A donor establishes a \$1,000,000 CLAT having a seven-year term and a 10% payout rate. The annual payments to St. Norbert will be \$100,000, for a total of \$700,000 payable over the term of the trust. The donor will receive SFI credit for the first five years of payments -- \$500,000 -- at full value. For years six and seven, the donor will receive credit equal to the discounted present value of the remaining income stream based on a then current Applicable Federal Rate of 7.6%, which is \$124,330. The donor thus receives total SFI credit of \$624,330 (\$500,000 + \$124,330).

2. Irrevocable Charitable Lead Unitrust (CLUT): The aggregate amount of the anticipated unitrust payments to be received over the first five years of the trust, after applying the AFR for the month the trust was established as an anticipated income return, shall be credited to the SFI at full value. Anticipated annuity payments to be received in year six and beyond shall be credited to the SFI at their discounted present value.

Example: A donor establishes a \$1,000,000 CLUT having a seven-year term and a 10% payout rate. The growth rate of the trust principal is based on the then current AFR rate, 7.6% for purposes of this example. Based on the above assumptions, the estimated annual payments from the trust over the 5 year period are projected to be: (1) \$100,000; (2) \$97,600; (3) \$95,258; (4) \$92,972; and (5) \$90,740 -- or a total of \$476,570 over the five year period. The discounted present value of the income stream to be received in years 6 and 7 based on the then current AFR is computed as \$108,827. The donor thus receives total SFI credit of \$585,397 (\$476,570 + \$108,827).

(ix) **Realized Bequests and Other Testamentary Distributions**

- (b) Bequests and Revocable Testamentary Gifts: All amounts received by St. Norbert College by bequest or pursuant to other revocable testamentary plans during the SFI shall be credited at the value received, provided that if such amount was previously credited for SFI purposes as an expectancy, only such amount received in excess of the previously credited expectancy amount shall be counted.
- (c) Amounts Received from Life Income Plans: Amounts received from life income plans during the SFI, of which St. Norbert College had no prior knowledge, shall be counted at the value received. In cases where St. Norbert College receives amounts from life income plans established with St. Norbert College's

knowledge during the campaign, only those amounts in excess of the previously credited amount shall be so counted for SFI purposes.

(x) **Testamentary Intentions**

Confirmed provisions for St. Norbert College in wills, revocable trusts or other revocable instruments (including, but not limited to, individual retirement accounts, and life insurance beneficiary designations), and revocable beneficiary designations of St. Norbert College in otherwise irrevocable charitable remainder trusts by donors age 65 or older shall be counted for SFI purposes at their discounted present value. To be counted, such expectancies must be in the form of a specified amount, or a percentage of the donor's estate or relevant asset pool, as appropriate, based on a credible estimate of the future value of such estate or asset pool at the time the commitment is made. In the case of individual retirement account, qualified plan or other similar arrangement where the pool of assets will be depleted over time by mandatory distributions, the donor's will must contain a provision to the effect that any shortfall in the anticipated amount passing to St. Norbert College be made up from the donor's estate. For verification purposes, at a minimum, there must be written acknowledgment of the commitment by the donor or the donor's attorney with a copy of the relevant legal provisions. The execution by the donor of a charitable/deferred pledge agreement would be a preferred method of confirming the donor's commitment. The discounted present value of verifiable expectancies shall be calculated as follows:

1. **Specific Dollar Gifts:** A testamentary intention of a specific dollar amount shall be discounted to its present value after giving consideration to the full range of circumstances preceding St. Norbert College's receipt of the gift. Generally, the present value of the expectancy shall be determined by taking into account the testator's life expectancy and applying a discount rate equal to the AFR for the month the commitment is made.

Example: A 65 year old donor leaves \$100,000 to St. Norbert College under his/her will. Based on his/her current life expectancy of 20 years and the then current AFR of 7.6%, the expectancy has a present value of \$23,108, which would be credited for SFI purposes.

2. **Percentage Gift:** The expected value of the donor's estate or principal pool at the donor's death must first be determined. Once a credible estimate of the future value of the asset pool has been determined, the amount going to St. Norbert College can be quantified and the discounted present value calculated.

Example: A 65-year old donor leaves 25% of his/her estate to St. Norbert College. The donor is the sole owner of a closely held software business currently growing at a 35% annual rate. The donor, whose personal estate is now approximately \$5,000,000, anticipates that his/her estate will appreciate an average 15% annually over his/her 20-year life expectancy. Applying a 15% growth factor, the donor's estate is estimated to be worth \$81,832,687, and St. Norbert College's share \$20,458,172, at his/her death. Based on the donor's 20-year life expectancy and the current AFR of 7.6%, the discounted present value of donor's bequest is \$4,727,390.

3. **Miscellaneous:** Considering the many sophisticated estate planning techniques now being employed, it would not be surprising to encounter a situation where a donor has created, under his/her will, a testamentary charitable remainder trust or charitable lead trust under which St. Norbert College is a beneficiary. Each such situation will require individual scrutiny. Some situations may be properly accorded SFI credit while others may not.

Example: A 75-year old donor directs that \$500,000 be paid at his/her death to a 5% charitable remainder unitrust which will pay income to his/her 72-year old spouse for his/her life and then be distributed to St. Norbert College. Based on the donor's life expectancy of 12.5 years and the current AFR of 7.6%, the present value of the amount going to fund the charitable trust is \$200,132. Applying the then life expectancy of donor's spouse and the current AFR, St. Norbert College's remainder interest is valued at \$150,499 according to the IRS tables.

(xi) **Life Insurance**

To count gifts of life insurance for SFI purposes, St. Norbert College must be the owner and irrevocable beneficiary of the policies.

1. **Fully Paid-up Life Insurance Policies:** Will be counted at the cash surrender value, and reported as a current outright gift.
2. **Existing Policies Not Fully Paid Up:** A life insurance policy that is not fully paid up on the date of contribution, which is given to St. Norbert College during the period of the campaign, will be counted at the existing cash surrender value and recorded as an outright gift. A pledge of continuing premium payments

will be counted at the aggregate of the remaining projected premiums over said five-year pledge period at full value.

3. New Policies: A pledge of premium payments for a new policy over a five-year pledge period will be counted at the aggregate of the projected premiums over said five-year pledge period at full value.
4. Realized Death Benefits: The insurance company's cash settlement amount for an insurance policy whose death benefit is realized during the SFI period, whether the policy is owned by the institution or not, will be counted in SFI totals, provided no gift amounts in connection with said policy (cash value of gifted policy or cash premiums received) were previously counted in SFI totals. To the extent any cash value or premium amounts were previously counted in the SFI period, appropriate adjustments will be made so that only the excess of the settlement amount over the previously counted amounts will be counted.

(xii) **Wholly Charitable Trusts Administered Outside St. Norbert College**

In the case of a wholly charitable trust administered outside of St. Norbert College, the fair market value of the trust assets, or such portion thereof, representing St. Norbert College's irrevocable income interest therein shall be credited as a current gift in the year in which the trust is established. All income from the trust will be treated as income and, thus, will not be counted for SFI purposes.

(xiii) **Non-Government Grants and Contracts**

Grant income from private, non-government sources will be reported; *all contract revenue will be excluded*. The difference between a private grant and contract is judged on the basis of the intention of the awarding agency and the legal obligation incurred by St. Norbert College in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible benefit in return.

Exceptions:

The Vice President for College Advancement must approve exceptions to this policy in writing.

Effective Date:

This policy became effective upon approval of the Board of Trustees on October 15, 2004. It will supersede any existing policy purporting to cover the subject matter of this policy.

XI. Gifts Associated with Direct Benefits to Donors

(Tickets, Memberships, Auctions, Raffles, Contests)

In accordance with IRS requirements, invitations, reply cards, tickets, letters and other printed materials produced for any fund-raising event sponsored by any unit of the College must clearly reflect the fair market value of any benefit to the donor. This applies to all fund-raising events, including those that are underwritten. The following definitions should be kept in mind when reviewing this guideline:

Fund-raising Event:

An activity sponsored by St. Norbert College for the purpose of raising funds to benefit the College. In exchange for the price of admission, the donor generally receives a benefit or privilege.

Auction:

A fund-raising event at which guests pay the College for goods and services donated by third parties.

Benefit:

The fair market value of a ticket to any event, of any good(s) or service(s) purchased at an auction, or of consideration associated with membership. In relation to an event, the term "benefit" applies, but is not limited, to the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. The benefit associated with a purchase at an auction is equal to the fair market value of the good or service bought. In relation to memberships, benefit refers to the fair market value of gifts and privileges associated with the level of membership. If the membership results in favorable seating consideration at on-campus athletic events, where no tangible value can be assigned, the IRS requires that donors only claim 80% of the "gift" as a charitable deduction.

Raffle:

A means of raising funds in which each participant buys a ticket for an article put up as a prize with the winner being determined by random drawing. Amounts paid for chances to participate in raffles or similar drawings, and amounts paid to participate in contests for valued prizes, are not regarded as gifts under IRS regulation and do not qualify as deductible charitable contributions.

The concept of benefit, as defined above and as applied to all fund-raising activities, is applied even if the donor does not attend the event but receives a ticket, or does not exercise rights associated with membership.

Questions in regard to acceptable language on tickets and promotional literature should be referred to the Director of Advancement Services. Care must be taken, however, to ensure that when any benefit is associated with a contribution, applicable literature **cannot** characterize the full face price of the ticket or membership to be a donation, contribution, or gift, nor may such items state the cost of the ticket or membership as being "deductible to the extent provided by law."

Fair market value of tickets should be determined in relation to comparable events. For example, concerts, theatrical and athletic performances should be related to the price normally charged for admission. Dinner and dinner/dances should be related to total expenses before underwriting. A reception or dinner plus performance should take both elements into account. If the event has no counterpart by which fair market value can be measured, then the benefit amount is determined by reasonable estimate by a St. Norbert College staff member knowledgeable in such affairs, with such estimates well documented.

In the case of auctions, the fair market value of the items sold shall be printed in a program or announced to the participants before the bidding begins. Only the total paid above and beyond the documented value of items auctioned will be recognized as gifts and processed as such through Advancement Services. All amounts equal to or below fair market value will be treated as non-gifts and processed as such by the area

conducting the auction. Be advised that the actual item sold, if previously donated, has already resulted in gift-in-kind credit to a donor. Giving the purchaser of the item credit for the full amount would not only be incorrect in accordance with IRS regulations, but would result in double-counting of the gift value.

XII. Gifts of Non-Monetary Items

Gifts of non-monetary items generally can be regarded in one of four ways with only the gift-in-kind category being eligible for counting in St. Norbert College fund-raising totals:

Type of Non-Monetary Items

Gifts-in-kind:

Gifts-in-kind will be considered if needed by the College for use in a manner which is related to the purpose for which the tax-exempt status of the College was granted. Gifts-in-kind with a value exceeding \$100 but less than \$5,000 will be recorded as \$1 unless independent verification of the fair market value of the gift is provided. The letter issued by the Office of College Advancement for all gifts-in-kind will reflect one of the following to emphasize the donor's responsibility to obtain tax advice:

A donor's gift may require that they complete IRS form 8283, together with an appraisal of the donated property. Donors should consult their tax advisor.

The deduction a donor receives from the gift may be limited to the lower of the cost or the market value of the goods donated. A tax advisor should be consulted.

Gifts-in-kind must be donated tangible and intangible assets and property such as real estate, notes, mortgages, limited partnership interests, royalty or copyright interests, art, books, equipment, automobiles, inventory, personal property, and other physical assets or materials, that represent value to the College.

Gifts-in-kind with a value exceeding \$5,000 may require the following documentation from the donor or the department or program to benefit from the gift-in-kind in order to substantiate the donor's cost and or market value of the goods donated:

- a. Description of the asset
- b. The purpose of the gift and the departments, programs or endowment to benefit from the gift
- c. An estimate or appraisal of the gift's fair market value and marketability
- d. Any potential College use and, if so, written review by the department to benefit from the asset
- e. Any special arrangements requested by the donor concerning disposition

Out of Pocket Expenses:

Payments made by a donor to a vendor for materials or services utilized on behalf of St. Norbert College. This includes non-reimbursed expenses paid by a person while volunteering time to the College. For example, the expenses incurred by a donor sponsoring a dinner party to promote the College, is such a gift.

Services:

This term includes professional or personal services or time that are freely given and can easily be valued by their usual market cost. Gifts of services may be recognized by the College, but are generally **not recognized by the IRS as being tax deductible**. Examples of gifts of services are the donation of broadcast time by a radio station or legal services by an attorney.

Limited Use of Private Property:

The right to rent-free use of a home, office, piece of equipment or commercial property owned by a donor for a specific event for a specific period of time. Such gifts are only occasionally recognized by the College, but are generally **not recognized by the IRS as being tax deductible**. Examples include the rent-free use of office space, or the rent-free use of a vacation home to host a College event.

Typically, the only non-monetary gift considered for gift recognition purposes is the above referenced gift-in-kind. Gifts-in-kind must be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift. Consideration should be given to the cost of maintenance, cataloging, delivery, insurance, display, and any space requirements for exhibiting or storage. **All gifts of real estate or unusual items of questionable**

value must be presented to, and approved by, the Vice President for College Advancement and Vice President for Business and Finance prior to acceptance.

XIII. Gift Acceptance and Disposition Policy

Gifts Governed by this Policy:

This policy is established to govern the acceptance and disposition of all gifts made to St. Norbert College, whether such gifts are *inter vivos* (lifetime) or from estates, other than gifts of: (1) cash or (2) publicly traded equities traded on national exchanges. The Vice President for College Advancement in advance of acceptance must approve all such gifts which fall under this policy.

Gifts subject to this policy will be considered in four categories: (1) tangible personal property, (2) real property, (3) life insurance, and (4) other assets. The latter category includes, but is not limited to: promissory notes, assignments of promissory notes, partnership interests, and restricted or non-publicly traded securities. The criteria for acceptance, the acceptance/approval process, and the disposition policy (where relevant) for each category are set forth below.

Category 1 — Tangible Personal Property:

1. CRITERIA FOR ACCEPTANCE

Gifts of tangible personal property, including but not limited to works of art, manuscripts, literary works, boats, motor vehicles, and computer hardware, may be accepted only after a thorough review indicates that the property is:

- a. Readily marketable; or
- b. Needed by the College for use in a manner that is related to one of the purposes for which tax-exempt status of the College was granted; that is, for education, research, or a combination thereof.

2. APPROVAL/ACCEPTANCE PROCESS

An Advancement Officer or other appropriate departmental officer will prepare a written summary of the gift proposal and submit that summary to the Director of Advancement Services. At a minimum, the summary shall include the following information:

- a. Description of the asset;
- b. The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift;
- c. An estimate or appraisal of the gift's fair market value and marketability;
- d. Any potential College use and, if so, written review by the department to benefit from the asset; and
- e. Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, etc.).

The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer and make a determination as of whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.

If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of tangible personal property, the Advancement Officer will acknowledge receipt of the gift on behalf of the College. The College 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 gifts of tangible personal property valued in excess of \$1,500.

- a. The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance acceptable to the College, and the delivery of the property, as applicable. The donor will pay all costs associated with the conveyance of the gift. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of tangible personal property valued at more than \$500. The donor should send this form to the Gift Coordinator for execution.

3. DISPOSITION

Upon approval of a proposed gift of tangible personal property by the Vice President for College Advancement, he/she will assign a College office the responsibility for disposing of the gift, unless the gift is intended for a specific College purpose, in which case no immediate disposition is necessary. Any guidelines on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the College office responsible for disposing of the gift.

Upon approval of a proposed gift, the Vice President for Business and Finance or his/her designee will identify a Fund and Organization Code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, a Development code will be used as a holding account.

Until the property is sold or otherwise disposed of, the College office responsible for disposing of the gift will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.

The Vice President for College Advancement must be consulted before a gift of tangible personal property may be sold for less than appraised value, estimated fair market value, or guidelines imposed by College Advancement in approving the gift, as the case may be. If, in the judgment of the College office responsible for disposing of the gift, a current appraisal of the property would assist in disposing of the property, the College office responsible for disposing of the gift may request permission to have the appraisal performed.

Upon sale of the property, the College office responsible for disposing of the gift will prepare a final report on the property, including a financial summary of net proceeds to the extent known, and distribute it to the Vice President for College Advancement, the Vice President for Business and Finance or his/her designee, and the designated representative of the department to benefit from the gift.

The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for gifts of tangible personal property valued at more than \$1,500 sold by the College within two years of the date of gift.

Category 2 — Real Property:

The College will consider gifts of real property, both improved and unimproved (e.g., detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, acreage, etc.), including gifts subject to a retained life estate, only after a thorough review of the criteria for acceptance set forth below under the direction and supervision of the Vice President for Business and Finance or his/her designee. All Gifts of real property shall be subject to terms and conditions as set forth in the St. Norbert College Policy for Accepting Gifts of Real Estate.

1. CRITERIA FOR ACCEPTANCE

Market Value and Marketability: The Vice President for Business and Finance or his/her designee must receive a reasonably current appraisal of the fair market value of the property and interest in the property the College would receive if the proposed gift is approved. Advancement Officers will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. Advancement Officers must understand and communicate to donors that it is the College's policy to dispose of all gifts of real estate (other than property which the College wishes to retain) as expeditiously as possible. Thus, regardless of the value placed on the property by the donor's appraisal, the College will attempt to sell at a reasonable price in light of current market conditions, and the donor needs to be informed that any such sale occurring within two years of the date of gift will be reported to the IRS on Form 8282.

Potential Environmental Risks: All proposed gifts of real property, including gifts from estates, must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property, which has been used solely for residential purposes for a significant (at least twenty-year) period of time. In cases where this exception applies and no environmental audit is undertaken, the donor/executor must have an outside party complete an Environmental Checklist prepared by the Vice President for Business and Finance or his/her designee and may be required to execute an environmental indemnity agreement. Even in cases where a Phase I audit is submitted, the Vice President for Business and Finance or his/her designee may require that the donor sign an environmental indemnity agreement.

Limitations and Encumbrance: The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the Colleges' 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 College 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.

Title Information: A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

2. APPROVAL/ACCEPTANCE PROCESS

The Advancement Officer, with the assistance of the Vice President for Business and Finance or his/her designee, will prepare a written summary of the gift proposal and submit that summary to the Vice President for College Advancement. At a minimum, the summary shall include the following information:

- Description of real property;
- The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), programs(s), or endowment(s) to benefit from the gift;
- An appraisal of the property's and, if different, the College's interest in the property's fair market value and marketability;

- The result of a title search;
- Any potential for income and expenses, encumbrances, and carry costs prior to disposition;
- Any environmental risks or problems revealed by audit or survey;
- Any potential College use; and
- Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, potential buyers, realtors or brokers with whom the donor would like the College to list the property, etc.).

The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer and make a determination as of whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.

If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of real property, the Advancement Officer will acknowledge receipt of the gift on behalf of the College upon notice by the Vice President for Business and Finance or his/her designee that the property has been properly recorded in the local Registry of Deeds. The College 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.

The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance. The costs associated with the conveyance and delivery of the gift, including but not limited to recording fees and, if deemed necessary by the Vice President for Business and Finance or his/her designee, a current survey, title insurance and/or an attorney's title opinion, will be either paid by the donor or charged to the fund code of the department(s), program(s), or endowment(s) to benefit by the donation. In addition, the IRS for gifts of real property requires the filing of Form 8283 by the donor. The donor should send this form to the Vice President for Business and Finance or his/her designee for execution.

3. DISPOSITION

It is the responsibility of the Vice President for Business and Finance or his/her designee to dispose of all gifts of real property. Any guidelines the Vice President for Business and Finance or his/her designee wishes to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the Vice President for College Advancement.

If the Vice President for Business and Finance or his/her designee determines that it is in the best interests of the College to retain for its own use a gift of real property, it will be recommended to the appropriate officers of the College and to the Board of Trustees that the College purchase the property and that, in all other cases they authorize liquidation of such funds for the benefit of the designated gift purpose.

Upon acceptance of a gift, the Vice President for Business and Finance or his/her designee will designate a code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, the code will be used as a holding account.

Until the property is sold or otherwise disposed of, the Vice President for Business and Finance or his/her designee will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.

Upon sale of the property, the Vice President for Business and Finance or his/her designee will prepare a final report on the property, including a financial summary of net proceeds, and distribute it to the Vice President for College Advancement and the designated representative of the department to benefit from the gift.

The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for gifts of real property sold by the College within two years of the date of gift.

Category 3 — Life Insurance:

1. CRITERIA FOR ACCEPTANCE

With approval of the Vice President for College Advancement, the College will accept gifts of life insurance policies that meet the following two criteria:

The policy is a life insurance policy which is either paid-up or, if not paid-up as of the date of gift:

- Has a minimum face value of \$10,000;
- Has a payment schedule not to exceed ten years and which assumes an interest rate not to exceed two percent below prime interest rate as of the effective date of the policy; and

- Requires charitable contributions from the donor to the College in the amount of any premiums, including unscheduled premiums, which may become due.

St. Norbert College is designated as the owner and the beneficiary of the policy.

If intended for endowment purposes, the face value of the policy meets the minimum funding standards for endowments established by the Board of Trustees.

2. APPROVAL/ACCEPTANCE PROCESS

The Advancement Officer will prepare a written summary of any proposed gift of a life insurance policy which fails to meet all of the criteria specified in Section A above and submit that summary through the College's Director of Major & Deferred Gifts or his/her designee. At a minimum, the summary shall include the following information:

- Description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured(s), and other relevant policy information; and
- The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), program(s), or endowment(s) to benefit from the gift.

The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer and make a determination as of whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.

If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of a life insurance policy, the assigned Advancement Officer will acknowledge receipt of the gift on behalf of the College.

The gift will be completed upon the execution and delivery of the life insurance policy to the College or an assignment of the policy in the event that the College is not the original owner of the policy.

3. ADMINISTRATION

The Office of College Advancement shall administer all gifts of life insurance policies and shall maintain records of all donor policies, contribution schedules, donor designations of death benefits, and the like. The College's Director of Major & Deferred Gifts or his/her designee, shall be responsible for pledge reminders and monitoring payments of premiums.

The Vice President for Business and Finance or his/her designee shall be responsible for confirming the existence and cash value of all policies in force at least annually and for collecting and distributing death benefits. Upon receipt of death benefits, the Vice President for Business and Finance or his/her designee shall provide notice to the department(s), program(s), or endowment(s) to benefit from the gift.

Category 4 — Other Assets:

1. CRITERIA FOR ACCEPTANCE

The College will consider gifts of other assets, including but not limited to 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 College must receive a reasonably current appraisal of the fair market value of the property and interest in the property the College would receive if the proposed gift is approved. Advancement Officers will inform the donor that, if the gift is completed, the IRS will require an appraisal made within sixty days of the date of gift. The appraisal and other information must indicate clearly and convincingly that there is in fact a market for the asset under consideration and that the asset can be sold within a reasonable period of time.

Potential Environmental Risks: All proposed gifts in which the College would acquire an interest in real property must be accompanied by a Phase I environmental audit performed at the donor's expense. The only permitted exception to this requirement is for residential property, which has been used solely for residential purposes for a significant (at least twenty-year) period of time. In cases where this exception applies and no environmental audit is undertaken, the donor must have an agent complete an Environmental Checklist prepared by the Vice President for Business and Finance or his/her designee and may be required to execute an environmental indemnity agreement.

Limitations and Encumbrances: The existence of any and all mortgages, deeds of trust, restrictions, reservations, easements, mechanic liens and other limitations of record must be disclosed. No gift of an interest in real estate will be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged, except in very unusual cases where the fair market value of the Colleges' 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 College 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. Title Information. A copy of any title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy, and/or an attorney's title opinion, must be furnished.

2. APPROVAL/ACCEPTANCE PROCESS

The Advancement Officer will prepare a written summary of the gift proposal and submit that summary to the Vice President for College Advancement and the Vice President for Business and Finance. At a minimum, the summary shall include the following information:

- Description of the asset;
- The purpose of the gift (e.g., to fund an endowed chair, a deferred gift, an unrestricted gift) and the department(s), programs(s), or endowment(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 durations prior to disposition, potential buyers, realtors or brokers with whom the donor would like the College to list the property, etc.).

The Vice President for College Advancement and the Vice President for Business and Finance will review the material presented by the Advancement Officer and make a determination as of whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The Vice President for College Advancement or the Vice President for Business and Finance shall communicate the final determination to the Advancement Officer, and the Advancement Officer shall communicate the College's decision to the donor in writing, including any conditions imposed by the Vice President for College Advancement or the Vice President for Business and Finance, prior to acceptance.

If the Vice President for College Advancement and the Vice President for Business and Finance approve a proposed gift of an asset in Category 4, the assigned Advancement Officer will acknowledge receipt of the gift on behalf of the College. The College 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 \$1,500.

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 costs associated with the conveyance will be paid by the donor upon delivery of the gift. In addition, the filing of Form 8283 by the donor is required by the IRS for gifts of assets valued at more than \$1,500. The donor should send this form to the Office of College Advancement for execution.

3. DISPOSITION

It is the responsibility of the Vice President for Business and Finance or his/her designee to dispose of all gifts of assets in this Category 4. If the asset involves an interest in real estate, it is generally expected that the Vice President for Business and Finance or his/her designee will assist in disposing of the asset. If the asset is a security, it is generally expected that the Vice President for Business and Finance or his/her designee will follow policies for disposing the asset. Any guidelines the Vice President for Business and Finance or his/her designee wish to impose on disposition, including minimum sales price and approval or rejection of any special arrangements with the donor, will be put in writing to the Vice President for College Advancement at this time.

Upon acceptance of a gift, the Vice President for Business and Finance or his/her designee will designate a code for charging expenses associated with the gift pending disposition. In the absence of a known beneficiary for the gift, the Vice President for Business and Finance or his/her designee will determine how the gift will be disposed. Until the property is sold or otherwise disposed of, the Vice President for Business and Finance or his/her designee will prepare quarterly status reports and distribute them to the Vice President for College Advancement and to the designated representative of the department to benefit from the gift.

Upon sale of the property, the Vice President for Business and Finance or his/her designee will prepare a final report on the property, including a financial summary of net proceeds, and distribute it to the Vice President for College Advancement and the designated representative of the department to benefit from the gift.

The Vice President for Business and Finance or his/her designee is responsible for filing Form 8282 for assets valued at more than \$5,000 sold by the College within two years of the date of gift.

Exceptions:

The Vice President for College Advancement must approve exceptions to this policy in writing.

Effective Date:

This policy became effective upon approval of the Board of Trustees on October 15, 2004. It supersedes any existing policy purporting to cover the subject matter of this policy.

XIV. Deferred Giving

Advancement Services is asked to record various types of deferred gifts; the office is often asked to provide a description of the nature of such a gift, or explain how various types of deferred gifts should be recorded by us and/or handled for tax purposes. Ultimately, the Gift Coordinator should refer related inquiries to the College's Director of Major and Deferred Gifts. This does not, however, remove the need for the Gift Coordinator to be familiar with this type of gift. For this reason, below are general explanations of certain types of deferred gifts with commonly accepted rules. Information concerning specific treatment of these gifts at St. Norbert College should be procured from the Office of College Advancement.

Bequests:

The most common and simplest form of deferred giving, a bequest is a gift of property that is made through a donor's will.

Benefits to Donors: Donors do not have to part with any money until they die, and do not owe any estate tax on the amount of the bequest.

Charitable Remainder Trusts:

Two basic types of charitable remainder trusts qualify for federal tax benefits. In both arrangements, a donor gives stock, cash, or other assets to a trust. Those assets are invested; producing income for the donor or other beneficiary—either for a fixed period of time or until the donor dies. The donor is allowed to claim a tax deduction for the estimated portion of the assets that will ultimately go to charity. When the donor dies, the charity keeps all remaining assets.

Two types of remainder trusts:

Unitrusts:

Under a basic unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the value of the asset. The value is assessed each year. Under a net-income unitrust, the donor receives only the income earned by the trust, even if the trust earns less than the payout rate. However, the trust can be set up to include a "make-up provision," which allows donors to make up the lost income, provided the trust earns more than the payout rate in future years.

Annuity Trusts:

The donor receives a yearly fixed payment equaling at least five percent of the value of the asset at the time the deferred-giving agreement was signed.

Donors who give real estate commonly use charitable remainder trusts. Real estate is not usually given through gift annuities and cannot be given to pooled-income funds.

Benefits to Donors: Donors can get income-tax deductions and escape capital-gains taxes by making such gifts. Many donors find the trusts an appealing way to prepare for retirement. The assets can be invested to earn a lower rate of return when the donor is younger and then shifted to earn a higher rate of return, and thus provide more income, during donor's later years.

Gift Annuities:

Donors contribute cash, securities, or other assets to a charity. In exchange, they receive annual payments for a fixed amount of time. With a deferred gift annuity, the annual payments do not start when the gift is made; they begin at a time specified by the donor when the gift is made.

Benefits to Donors: Gift annuities are attractive to donors who want to receive income from assets that have risen sharply in value, such as cash or stocks. In return for gifts of such assets, the charity guarantees the donors a fixed annual income for the rest of their lives and helps the donor avoid capital-gains tax. The donor also gets an income-tax break on a portion of the earnings from an annuity; the exact amount depends on the donor's age.

Pooled-Income Funds:

The donor gives cash, securities, or other assets to a non-profit organization, which then invests those assets in a large, diversified portfolio. The donor receives income from the fund proportionate to the value of his or her contribution, as well as an income-tax deduction based on the estimated principal that will be left to the charity. Obtaining a "unit" in a pooled-income fund is similar to buying a share of a mutual fund.

Benefits to Donors: Like gift annuities, pooled-income funds appeal to donors who want to earn income on stock and other assets and escape capital-gains taxes. Unlike annuities, a donor's income from a pooled-income fund is tied to fluctuating interest rates. That means that in the long run, donors may receive larger earnings than they do from annuities, but they can also do less well in the short term. As a result, the funds tend to appeal to younger people who are often more willing to take risks with their investments.

Charitable Lead Trusts:

A charity receives the income from the donor's assets for a specified time, after which the asset is transferred back to the donor or to the donor's heirs.

Benefits to Donors: A lead trust can reduce gift and estate taxes or provide a charitable deduction for the donor. Charitable lead trusts are most appealing to donors who want to pass appreciated assets to their heirs without paying a substantial amount in taxes. The donor pays a gift tax on the asset when it is placed into the trust; after that it can grow tax-free. At the end of a specified period, the asset is returned to the donor's heir or heirs, who do not have to pay any additional taxes.

Deferred Gifts Policy of St. Norbert College:

In an effort to maintain continuity and consistency with deferred gifts to St. Norbert College, the following policy has been established:

Gifts governed by this policy: All deferred gifts to the College which are managed by St. Norbert College or its agents, including but not limited to the following:

- Gifts establishing charitable remainder trusts
- Gifts to the pooled income funds
- Gifts purchasing charitable gift annuities
- Gifts funding charitable lead trusts

Gifts Not Governed by This Policy: Deferred gifts that do not require management; for example, gifts of personal residences or farms with retained life estate in donor and deferred gifts which are managed by trustees other than St. Norbert College.

Trustee: St. Norbert College has the option to serve as trustee of any deferred gift in which the College's interest equals at least fifty- one percent of the total charitable interests. Usually the College prefers the use of a commercial trustee.

Payout Rates: The payout rates offered to donors shall be competitive and determined in consultation with an Advancement officer.

Applicable Restrictions: Value of Remainder: no deferred gift (except for deferred gift annuities) shall be accepted in which the value of the College's remainder interest is less than twenty-five percent of value of the assets transferred.

Minimum Gift Amounts: St. Norbert College has the following minimums for acceptance of deferred gifts.

- **Charitable remainder trusts:** Initial gift - \$100,000
- **Pooled income fund gifts:** Initial gift - \$5,000 Additional gifts - \$1,000
- **Charitable gift annuities:** Initial gift - \$10,000

Note: Gift annuities may not be offered to residents of states in which such contracts are considered to be insurance products or securities. Currently almost one-half of the states

(including Florida, New York and California) classify these contracts as either insurance or securities. Because this list is constantly changing, approval should be obtained from the Advancement Office before discussions for this gift type are initiated.

- **Charitable lead trusts:** Initial gift - \$10,000

Acceptable Gift Assets: The College will accept the following assets:

- Cash;
- Publicly traded securities;
- Real estate (subject to approval of the Vice President for College Advancement); and
- Other assets, such as closely held stock and partnership interests (subject to approval of the Vice President for College Advancement).

Valuation of Gift Assets: The College will follow applicable federal tax law.

Final Approval, Acceptance, and Execution by the College: The Vice President for College Advancement, in collaboration with the Vice President for Business and Finance or his/her designee, must approve all documents.

All documents must be sent first to the donor for signature and then to the College's Vice President of Business and Finance or his/her designee.

The Vice President of Business and Finance or his/her designee shall execute the documents on behalf of the College; and the documents shall be executed in duplicate and the originals distributed as follows:

- One original to donor; and
- One original to Vice President of Business and Finance or his/her designee; with
- Copies to the appropriate Advancement Officer.

Effective Date:

This policy shall become effective June 1, 2004 and will supersede any existing policy that might cover the subject matter of this policy.

Note. The Vice President for College Advancement must approve any exceptions to this policy in writing.

XV. Gift Receipts and Acknowledgments

Definitions:

Receipts vs. Acknowledgements: For the purposes of this policy, the term “**receipt**” will refer to the formal document issued by St. Norbert College that (1) confirms the gift has been received by the College and (2) contains the necessary information to serve as documentation for the donor’s claim of a charitable deduction from their income tax. The term “**acknowledgement**” has a broader connotation than “receipt,” for acknowledgements may include a wide variety of means for expressing gratitude and appreciation to a donor. A receipt is considered to be an acknowledgement, but all acknowledgments do not necessarily qualify as receipts.

Policy on Receipts:

The donors of all gifts to St. Norbert College will receive a formal printed receipt for their contribution, even if the gift is less than the \$250 minimum required by the Internal Revenue Service. The Gift Coordinator, in the process of recording pledges and payments, will automatically generate a printed receipt.

Receipts will normally reflect the dollar value of the gift. They will also indicate the name of the fund to which the gift was applied, as well as any applicable tribute designations. If appropriate, the receipts will also indicate if employer-matching funds are anticipated. With gifts of securities, the name of the company, number of shares, and valuation date will be added. Receipts will also be issued for in-kind gifts, but in accordance with IRS rules, it will not contain any valuation; a description of the item will be provided instead.

Receipts are to be generated the same day the gift transaction is recorded and then delivered to the Vice President for College Advancement or his/her designee by noon of the following business day. The receipts will then be verified for accuracy and any special handling, with the final receipts sent by first class mail within the next business day. The College strives to send out formal receipts within two business days of a gift’s arrival in College Advancement.

Receipts from St. Norbert College will also include a brief printed note of thanks. Unless otherwise requested, these receipts and notes will be sent over for the signature of the Vice President for College Advancement. (It is possible, however, for personalized messages to appear on receipts. This can be accomplished by submitting a request in writing to the Gift Coordinator specifying the fund code(s) for the type of gifts and donors that should receive the special message.)

A process has been designed to allow the College to bypass creation of a receipt on a case-by-case basis. The Gift Coordinator can be instructed to turn this option off at the time of gift or pledge entry, but these instructions apply only to the gifts or pledges being entered at the time instructions are given. The Gift Coordinator does, however, have standing instructions to not generate receipts under certain conditions, although a formal gift receipt is always generated. Requesting the Gift Coordinator not to generate and mail receipts is strongly discouraged. These receipts are an accurate reflection of how and when a contribution was processed and are acceptable for tax preparation purposes

Other Acknowledgments:

The Office of College Advancement shall develop a standard protocol for determining when additional acknowledgement letters shall be sent by (or on behalf of) individuals other than the Vice President for College Advancement. Examples of circumstances in which special acknowledgement letters might be appropriate could include: Gifts beyond certain identified levels (e.g., the President’s Club), certain types of contributions (e.g., bequest intentions), gifts for special restricted purposes (e.g., the Dargan Fellowship Fund), or contributions from a particular class of donors (e.g., Trustees or faculty). Acknowledgment letters can and should be sent in response to the receipt of new pledges.

The Donor Relations Coordinator, with help from other appropriate staff, will be responsible for generating the text of acknowledgment letters, as well as determining when special communications are in order. The Donor Relations Coordinator will also help develop and then maintain the “decision tree” that helps determine what acknowledgement letter (if any) needs to be sent and who is responsible for ensuring that the process is completed.

XVI. Naming Opportunities and Gift Recognition

Purpose

These policies and procedures set forth guidelines for gift naming opportunities, the recognition of major gifts at St. Norbert College, and define the procedures for acceptance of gifts to this end.

Recognition Gift Amount

With the few exceptions contained in this policy, the minimum gift requirement for a naming opportunity at St. Norbert College is \$25,000. Gifts of cash, stock, in-kind, or other deferred gifts may be made in accordance with St. Norbert College's gift acceptance policy. The Vice President for College Advancement and/or the Administrative Advisory Committee (AAC) address exceptions to minimum gifting requirements.

Policy

Significant gifts to St. Norbert College provide opportunities for donors to designate the name of a program, facility, professorship, academic unit, scholarship, or other item in honor/memory of the donor or with the endorsement of St. Norbert College another individual or entity of the donor's choosing. The acceptability of these gifts is based on the following: the usefulness and inspirational value to the student body; the physical or aesthetic enhancement of the campus; the contribution to the heritage and reputation of St. Norbert College; or the accomplishments of its students, alumni, and friends. Gifts in support of naming opportunities with related interest to the College's mission are deductible in accordance with IRS guidelines. Costs associated with materials and other operational expenses to create donor recognition systems or plaques are paid from either a portion of the gift or with internal budgeted resources.

Gift Agreements

Each named capital or endowment gift should be accompanied by a gift agreement that has been approved and signed by the donor or designated donor representative(s) and the appropriate St. Norbert College representative(s) authorized to endorse such agreements. Each gift agreement specifies the pledge period to reach the funding level, the purpose of the gift, and any restrictions within St. Norbert College guidelines as to distributions from the fund.

Timeframe for Pledge Gifts

Endowed gifts have five years to reach the minimum funding level established in the gift agreement. For endowment pledges that do not reach the minimum level within the five-year period, the donor or representative of the gift will be consulted to determine the most useful course of action, which may include a pledge extension or the transfer of the fund to the General Endowment Fund.

Naming will take place once the pledge is fulfilled. In the event the pledge by a donor is not fulfilled, the naming opportunity at St. Norbert College is forfeited.

Named Gift Approval Process

The St. Norbert College Board of Trustees has final approval for all naming opportunities at the College. However, to expedite the approval process, the Board authorizes the Vice President for College Advancement to coordinate on their behalf gift agreements and naming designations and to inform members of the College community affected by the gift.

The Board of Trustees authorizes the President or the Vice President for College Advancement to make decisions regarding naming opportunities not covered by this policy for gifts under \$100,000.

For gifts above \$100,000 that are not covered by this policy the President will make recommendations to the Board of Trustees with regard to any decision to name a program, scholarship, physical structure or facility at St. Norbert College.

Naming Rights for Capital Projects

Naming rights for new facilities require at least fifty-one percent (51%) of the total construction costs are committed and secured by the donor. Upon the recommendation of the President, the Board of Trustees may make an exception to this policy.

Naming rights for a building requiring major renovations shall be subject to the same policy of fifty-one percent (51%) that applies to new construction. Existing buildings named to recognize an earlier donor; named for religious, cultural, or historical purposes; or to recognize the special contributions of a person important to the history and development of St. Norbert College or the Norbertine Order shall not be subject to renaming or name hyphenation.

Internal units in existing buildings that are named to recognize a donor; for religious, cultural, or historical purposes; or to recognize the special contributions of a particular person important in the history and development of St. Norbert College or the Norbertine Order shall be eligible for naming to recognize a benefactor.

Existing buildings that are currently named but that do not recognize a particular benefactor and which do not meet any of the proscriptive criteria enumerated in similar policy shall be subject to renaming by action of the Board of Trustees of St. Norbert College. Buildings in this category shall be subject to the same fifty-one percent (51%) policy that applies to new construction. The Board of Trustees may make exceptions to this policy upon the recommendation of the President and the Vice President for College Advancement.

Naming Rights for Endowment Projects

Endowed Faculty Positions: Each endowed faculty position is accompanied by an endowment agreement that is endorsed by the donor and members of the AAC. The agreement should include the vision of the donor, a general description of the objective, the administration of the endowment and financial accountability. In the event the donor is endowing a new academic program or chair, an approval process lead by the Academic Dean must occur proceeding the acceptance of the gift.

Earnings from endowed faculty positions may fully or partially fund the occupant's salary and may also be used to provide related program funding, professional development, continuing education, release time for research and writing, and other needs.

The required corpus for an endowed faculty position is discussed with the donor at the onset of gift negotiation and may be adjusted based upon the objectives of the College and the donor.

Norbertine Mission and Heritage Endowment: The Mission and Heritage Endowment exists to sustain and strengthen the College's Norbertine Mission and Heritage and brings a renewed emphasis on the Catholic identity and Norbertine character of the College through several initiatives. These include endowing a position that will coordinate all Norbertine Legacy activities; strengthening library holdings to include Catholic Studies, Norbertine historical documents, and publications from other Norbertine Abbeys worldwide.

Endowed Student Scholarships: Scholarships may be awarded based on academic merit, diversity and/or financial need. While specific criteria for eligibility for scholarships may be established, flexibility contained in the gift agreement will allow the college to be most successful in recruiting students with the greatest potential. Donors are encouraged to place scholarship gifts in one of several existing endowed scholarship programs, or create new permanent scholars with associated minimum gift requirements outlined above.

St. Norbert College's chief financial aid officer, in consultation with other appropriate officials will conduct the selection process. Donors may request that a particular College member be involved in the selection process, however the donor may not participate that process.

Endowed Program Funds: Endowed program funds will be referred to by the name established by the donor, in support of academic programs, co-curricular or extra-curricular programs, classroom or technology enhancements, research, faculty development, or faculty and staff awards. All named endowed program

funds must have approval of the Academic Dean prior to acceptance of the gift. The amount required to name a specific endowed program will be determined by the AAC based on the scope and actual cost of the program.

Naming Rights for Annual Memorial Scholarships

Upon the death of a current St. Norbert College student the College will honor the memory of the deceased with a \$1,000, one time, annual scholarship. The scholarship will be awarded to a current SNC student with the same major as the deceased that demonstrates financial need. The director of financial aid will be responsible for selecting the recipient of the award. Any memorial gifts received on behalf of the deceased will be applied to the scholarship fund. The first \$1,000 will be award through institutional monies that may be supplemented by individual or corporate gifts. Gifts in excess of \$1,000 that are not designated will be applied to student aid.

Anyone who chooses to make a gift to a Memorial Scholarship will receive a receipt for their tax deductible contribution and recognition in the Honor Roll of Donors. The family representative will receive notification of memorial gifts made to the College on behalf of the deceased.

Family members of the deceased will be sent a letter from the donor relations coordinator to inform them of the Annual Memorial Scholarship Fund. The director of financial aid will receive a copy of that letter for awarding the scholarship. The family will receive the name of the scholarship recipient, their hometown and major. The scholarship recipient will be expected to write a brief note to the family as well.

Enter the scholarship in the Access, Scholarship Maintenance Database. The Scholarship will be listed in the Honor Roll of Donors and the St. Norbert College Community will be listed as the donor.

Naming Rights for Campus Memorials

Deceased alumni, friends, or students may be memorialized on campus in various ways. The college prefers that memorial gifts be given to one of its existing permanent endowments. In some cases a new endowment can be created based upon the restrictions sighted above. Examples of endowment opportunities to memorialize a relative or friend include:

- The General Endowment of the College
- The Norbertine Mission and Heritage Endowment
- An existing named scholarship fund
- An existing named programmatic/academic endowment

There is no minimum contribution required for memorial gifts designated for an existing endowment at the College. Donors should consult with a College Advancement Officer when considering gifts to existing endowments so that the focus of the contribution is consistent with the objective of the memorial.

On occasion, the College will agree to a tangible memorial such as a bench, garden, or tree. A minimum gift is required whenever the donor seeks a tangible memorial. The gift underwrites the cost of the memorial plus the maintenance of the memorial. Examples of tangible memorials include:

- A memorial bench \$5,000
- A flower garden \$10,000
- A tree \$1,000
- A capital improvement (Price based upon square foot cost)

The cost of recognition plaques is funded with proceeds from the memorial contribution(s). The College prefers not to affix plaques to trees due to maintenance issues. All memorial gifts are listed in the Presidents Annual Report.

Naming Rights for Class Gifts

Graduating classes of St. Norbert College are encouraged to make gifts to the college. Under normal conditions the funds raised by each class will be designated for a specific endowment fund to include the

creation of new endowments. New endowments are subject to the standards contained in this policy. Class recognition is negotiated at the time of the contribution.

Special Naming and Memorial Opportunities

From time to time, it may be appropriate to create a naming opportunity at St. Norbert College for an individual or organization that has not reached the minimum gift requirements outlined in this policy. In these instances the President or Vice President for College Advancement may make recommendations to the Board of Trustees to name facilities, awards, structures or areas in honor or memory of individuals who have distinguished themselves in their service to the College.

Naming Opportunities for Non Cash Gifts

The Vice President for College Advancement will administer the acceptance of:

- Non-cash gifts
- Other non-cash gift
- Art or Artifact

The Vice President for College Advancement must approve and determine if such gifts have a related interest to the academic mission of the College prior to the transfer of ownership. In cases where the gift is designated for a specific department, the Vice President for College Advancement will coordinate the gift acceptance process with the Academic Dean.

Not all proposed gifts are guaranteed acceptance or display space.

In keeping with the minimum gift requirements established in this policy the Vice President for College Advancement may recommend a naming opportunity be established for the donor. Naming opportunities for the acceptance of gifts of art or artifacts are not governed by the \$25,000 minimum policy.

XVII. Gift Clubs

Categories:

Annual gift club categories covered by these policies are defined as follows:

<u>Gift Club Name</u>	<u>Annual Contribution Range</u>
Presidents Club	
Lifetime PC	Total giving >= \$25,000
Visionary Circle	\$10,000 +
Pennings Circle	\$3,000 - \$9,999
Burke Circle	\$1,500 - \$2,999
Webb Circle	\$1,000 - \$1,499
Berne Society	\$500 - \$999
Knights Guild	\$250 - \$499
Founders Club	\$100 - \$249
Participant Member	\$Gifts up to \$99

Eligible contributions may be in the form of cash, marketable securities, property, trusts, bequests, life insurance, or in kind gifts.

The following provisions apply:

Donor Designation:

Gifts from Individuals: Gifts of life insurance will be considered eligible when an individual designates St. Norbert College owner and sole beneficiary of the policy. The College will pay the annual premium in anticipation of receiving financial support from the donor equal to or greater than the annual premium amount. The value of the annual premium will determine which gift club the donor shall be enrolled.

Corporate Gifts (private): When a privately owned business or corporation provides an eligible gift, the principle owner of the firm shall be enrolled in the appropriate gift club, as determined by the value of the gift. Principal ownership is defined as having controlling interest in the business of corporation at the time the gift was made.

Corporate Gifts and Corporate Foundation Gifts (public): Gift received from publicly held corporations are not eligible for recognition. Decisions to support St. Norbert College are made by either boards or committees; thus, individual recognition would be inappropriate.

Foundation Gifts (private/family): Gifts received from private/family foundation are eligible for enrollment in the appropriate gift club, as determined by the value of the gift, if the administrator of the foundation is the principal contributor to the corpus of the existing foundation's assets. In addition, if the principal donor of the foundation's corpus is deceased and the administrator at the time the gift is made is not a member of the immediate family, the gift will not be eligible for recognition at the appropriate gift club level.

Matching Gifts:

Gift Club Determination: Matching gifts from the corporate community will be credited to individual donors for purposes of gift club membership. The donor shall be enrolled in the appropriate gift club, as determined by the annual aggregate gift from the donor plus the corporate match, when it is known. If a corporate matching gift is received in a fiscal year other than the one in which the individual gift was received, it shall be used to determine the donor's gift club level in the current fiscal year.

Gift Records: The Gift Coordinator is responsible for monitoring all matching gifts and to notify the assigned Advancement Officer when a matching gift makes a donor eligible for membership in the next giving club.

Gift Club Recognition:

Donor recognition shall be granted as follows:

Gift from individuals: Individual donors will receive an acknowledgement letter from a member of the College Advancement staff and shall be listed in the President's Honor Roll of Donors under the appropriate constituent group (e.g., Alumni class year, parent, friend, etc.) and appropriate gift club level.

Gifts received from alumni who are married shall be listed under both the husband and wife's class year.

A President's Club level gift received from an alumnus – whose spouse is not an alumnus – shall be listed by the alumnus' name under the St. Norbert College class year and by the spouse's name in the friend's section.

Corporate gift (private): When a privately owned business or corporation provides an eligible gift, the principal owner of the firm shall receive an acknowledgement letter from an Advancement Officer and be listed in the President's Honor Roll of Donors under the appropriate constituent group (e.g., alumni, class year, parent, friend, etc.) and appropriate gift club level. The business/corporation will be listed in the company section of the same report.

Corporate Gift and Foundation Gifts (public): When a publicly held business or corporation provides a gift, the primary contact person of the firm shall receive an acknowledgement letter from an Advancement Officer. The corporation/foundation will be listed in the company section of the President's Honor Roll of Donors.

Foundation Gifts: When a private/family foundation provides an eligible gift, the principal administrator of the foundation shall receive an acknowledgement letter from an Advancement Officer and be listed in the President's Honor Roll of Donors under the appropriate constituent group (e.g., alumni class year, parent, friend, etc.) and appropriate gift club level. If the principal donor of the foundation's corpus is deceased and the administrator at the time the gift is made is not a member of the immediate family, the gift will only be listed in the foundation's section of the same report.

XVIII. Fund-Raising Policies For Faculty, Staff And Campus Organizations

Purposes

1. To distinguish between (a) fundraising efforts in which the College is the intended beneficiary and (b) fundraising activities in which the College is not a beneficiary but members of the College community may be participants,
2. To set limits and offer assistance for members of the St. Norbert College community who wish to engage in fundraising activities outside those conducted in support of the College's established priorities for philanthropic support,
3. To clarify the College's legal, fiduciary and moral responsibilities for acknowledging and stewarding the gifts it receives, and
4. To provide education and guidance that will help prevent actions that could jeopardize St. Norbert College's tax-exempt status.

Background

The Office of College Advancement helps St. Norbert College fulfill its mission and realize its aspirations in three ways: (1) communicating the College's character, quality, priorities and goals; (2) building meaningful partnerships with external and internal constituents; and (3) securing and stewarding an ever-increasing supply of useful financial and human resources. Accordingly, the Office of College Advancement must strive at all times to ensure that its policies and procedures are in compliance with local, state and federal regulations in regard to the solicitation and acceptance of gifts. Any deviation from the Internal Revenue Code could result in fines, public embarrassment and/or the loss of the College's tax-exempt status.

For these and many other reasons, all fundraising requests made in the name of St. Norbert College must be approved in advance by the Vice President for College Advancement. In addition, only the Vice President for College Advancement is empowered to issue the College's official receipt that qualifies a donor's charitable contribution as deductible for tax purposes.

St. Norbert College's Tax-Exempt Status: A ruling by the Internal Revenue Service, dated March 25, 1946, stated that the agencies and instrumentalities and all educational, charitable and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the Official Catholic Directory of 1946, are entitled to exemption from federal income tax under the provision of Sections 101(6) of the Internal Revenue Code (IRC) of 1939, which corresponds to Section 501(c)(3) of the IRC of 1986.

- This ruling is important for St. Norbert College, because it establishes:
 - (a) The exemption of the College from federal income tax and federal unemployment tax; and
 - (b) The deductibility, for general income, gift and estate tax purposes, of contributions by donors to the College.

The ability of St. Norbert College to seek and receive philanthropic gifts and grants is dependent upon the continuing recognition of its tax-exempt status by the IRS. The College must protect this status by abiding by all relevant laws and regulations, including using its tax-exempt status solely for its own benefit and by not sharing it with other organizations. The Office of College Advancement is charged by the College with responsibility for monitoring and protecting its tax-exempt status.

Policy

This Policy shall apply to any and all members of the St. Norbert College community, as well as to any other individuals or organizations who may represent themselves to be members of the College community or who claim to be acting on behalf the College. This Policy does not apply to members of the College community

when they are engaged in fundraising activities for other organizations and/or when they have explicitly stated that their fundraising activities are unrelated to the College.

1. ***Definition of “College Fundraising” Activities***

Any fundraising activity that employs the name, image or reputation of St. Norbert College in an effort to secure financial contributions will be considered fundraising in the name of the College and is subject to this Policy.

2. ***Advance Approval of Fundraising Activities***

All fundraising activities and external solicitations to be made in the name of St. Norbert College must be approved in advance by the Vice President for College Advancement.

3. ***Gift Receipting***

The only College representative authorized to issue an official gift receipt on behalf of St. Norbert College is the Vice President for College Advancement. Such receipts will be issued only when a donor's gift has been given for a purpose consistent with the College's mission and without any restrictive conditions.

4. ***Process for Seeking Approval***

Any potential fundraising activities on behalf of a College program or initiative must first be communicated to the appropriate divisional vice president before a request for assistance is directed to the Office of College Advancement. Examples of proposed fundraising activities might include, but are not limited to: departmental grants, underwriting of conference participation, sponsorship of an on-campus symposium, student or faculty travel, equipment, or departmental awards and banquets.

If a divisional vice president endorses a proposed fundraising project, that vice president is then responsible for discussing the proposal with the Vice President for College Advancement. If, after discussing the proposal, the vice presidents agree to proceed, their decision will be communicated to the President and the Administrative Advisory Council (AAC). The Vice President for College Advancement may also ask that a proposed fundraising initiative be delayed until a time where either the suggested donor(s) will be more receptive to a gift request or the proposed activity would not jeopardize funding for a higher priority of the College.

5. ***Appeal Process***

Any fundraising activity or solicitation that is not approved by the Vice President for College Advancement may be appealed, in writing, to the Administrative Advisory Council (AAC) for further consideration.

6. ***Counsel and Training***

The College Advancement staff will offer assistance to members of the College community interested in advancing the College through fundraising techniques; however, no formal planning for specific fundraising projects will be conducted without the approval of the appropriate vice president(s). Once approval for a fundraising activity is received, the College Advancement team is available to consult with faculty, staff and student leaders on strategies and tactics for their College-endorsed initiatives. Responsibilities for follow through will also be assigned and an appropriate College Advancement contact person may be identified, but implementation of activities will remain the responsibility of the initiating unit or group.

7. ***Lists of Donors and Potential Donors***

The Office of College Advancement will not share lists of donors or other constituents with individuals and organizations not affiliated with approved College fundraising activities. Lists may be provided to community members working on approved fundraising projects, provided the recipients submit to any required training and sign a confidentiality pledge. Once an approved fundraising project is underway, the Office of College Advancement will prepare and provide progress reports and donor lists to authorized representatives of the project. Care will always be taken so as not to divulge the identity of anonymous donors.

8. ***Processing of Gifts***

Contributions received in response to an approved fundraising initiative must be submitted to the Office of College Advancement within 48 hours. Cash contributions must be accompanied by the

original envelope in which it was received. The donor's name and address must be clearly written on the envelope. In cases where at-will contributions are made, or in any other case where the donor cannot be identified, such cash contributions will be classified as anonymous.

In conformity with IRS regulations, the Office of College Advancement will process and record all gifts received by the College. This includes producing a written acknowledgement for any contribution of \$1.00 or more, less the value of any *quid pro quo* benefits received by the donor.

The College and Non-College Fundraising Initiatives

The College is aware that students and employees often engage in fundraising activities for which the College is not the intended beneficiary. These activities may range from campus-based efforts to raise funds for groups such as the American Cancer Society or Habitat for Humanity to employee or student participation in their local churches or clubs.

As stated above, when the activities are intended to benefit St. Norbert College, they must be approved in advance by the Vice President for College Advancement. When an activity is not intended to benefit St. Norbert College, administrative approval is not required, but the utmost care must be taken to make that distinction clear and to not lead outsiders to believe the activity is a College-supported effort.

1. ***Actions that suggest College participation and support:***

- Use of the College's taxpayer identification number
- Employing the College's name or logo in promotions or solicitations
- Using College stationery
- Asking that checks be made payable to St. Norbert College
- A volunteer stating, "As a St. Norbert College student/faculty/staff member, I am asking you...."

2. ***Actions that avoid confusion:***

- Stating that "This is an event that will benefit [Name of Charity]"
- Asking that checks "Be made payable to [Name of Charity]"
- Not using the St. Norbert College name in any promotions
- Stating that "This event is not affiliated with St. Norbert College"

3. ***When is College Approval Needed?***

Here is a simple test to determine if College approval is needed: If it appears that the contemplated fundraising activity cannot be conducted without making contribution checks payable to St. Norbert College, then the activity is one that will require prior approval by the Vice President for College Advancement and organizers should follow the process outlined in Section C.4. above.

4. ***Prohibited Activities***

Even when a fundraising activity is not one that benefits the College directly or is sanctioned by the College, members of the College community are prohibited from engaging in the following tactics and activities:

- Using home addresses from the College telephone directory to compile calling or mailing lists*
- Using the White Pages of local phone directories to compile to compile calling or mailing lists*
- Using the St. Norbert College Alumni Directory to compile calling or mailing lists*
- Using one's status as a St. Norbert College employee or student to secure a gift commitment
- Using "blast e-mails" on the campus intranet system to solicit gifts
- Conducting lotteries or similar games of chance, which the State of Wisconsin defines as gambling. (Raffles may be conducted with prior approval from the Department of Athletics, which holds the College's raffle license.)

* Note: The publishers of these directories also consider these activities to be violations of their copyrights.

5. **Related Policies**

Student groups that wish to engage in fundraising activities should also consult the "Official Fundraising Guidelines for Recognized Student Organizations," which can be found in the *St. Norbert College Student Organization Handbook* or on the College website at <http://www.snc.edu/planning/fundraising.htm> or <http://www.snc.edu/planning/solicitation.htm>.

All organizations and units that must participate in acknowledging gifts are encouraged to review the summary on "Gift Acknowledgements" that can be found in Appendix A and the overview of "De Minimis Benefits" in Appendix B.

Conclusion

Today's donors have more outlets for their philanthropic desires than ever before. As competition for the philanthropic dollar has increased, donors now receive numerous appeals from several non-profit organizations. Consequently they are likely to become annoyed by multiple requests from the same organization. To ignore this imperative is to risk reduced support, an outright refusal, or perhaps even permanent discontinuation of support.

St. Norbert College can be at the forefront of a donor's choice if we are clear in our intent, focused on the College's highest priorities, and presenting exciting opportunities for involvement. Coordinating College-wide fund-raising activities is imperative.

XIX. Appendix

A. IRS Audit Guidelines

The College's objective at all times is to ensure that its policies and procedures are in compliance with local, state and federal regulations. It is appropriate, therefore, to provide the below excerpts from the "Proposed College and University Examination Guidelines" of the Internal Revenue Service, August 1994. These guidelines highlight what the IRS will be looking for should they conduct an audit of St. Norbert College.

B. IRS Proposed College and University Examination Guidelines

Excerpt from: *Internal Revenue Service Advance Announcement 94-112, Final Examination Guidelines For Colleges and Universities, Issued Aug. 25, 1994*

Section 342.9: Contributions to the Institution/Fundraising/Debt Structure

Many institutions require that a governing board formally accept large contributions, especially conditional or earmarked contributions. Review minutes of the governing board as well as the fundraising committees (budget, finance or development) to identify any conditional contributions that may have questionable terms. For example, a gift to build a campus building may be conditioned on the use of a certain architect or a specific construction firm. This condition may suggest a private benefit that could jeopardize the IRC 170 deduction if the donor and architect or builder have less than an arms-length relationship. If impermissible private benefit is possible, it may be appropriate to refer the matter to the Examination Division for a concurrent examination.

Review the institution's fundraising program to determine if donors receive benefits that might affect the deductibility of their contributions.

Identify the officials responsible for soliciting and accounting for gifts. Obtain a description of their activities and functions.

Review the minutes of any committees (such as budget, finance or development) involved in fundraising.

Review internal reports related to gifts. There may be alphabetical lists of contributors, lists of donors by category (e.g., alumni or corporate), lists of restricted gifts, lists of in-kind gifts, etc.

Review agreements and correspondence to determine if there are restricted, earmarked, or gifts conditioned on benefits being provided to the donor.

Determine how gifts other than cash are treated. Find out how the property is valued. Determine whether the institution secures its own appraisal, and whether a value is assigned on the receipt given to the donor.

Determine any action taken by the institution if its valuation of the property is less than the value claimed by the donor.

Determine whether the institution has completed Part IV of Section B of Form 8283 for gifts of property that are claimed to be in excess of \$5,000. Determine whether the institution has filed Form 8282, Donee Information Return, for any property reported on a Form 8283 that was sold, exchanged, transferred, consumed, or otherwise disposed of within two years of the date of receipt.

As of January 1, 1994, an institution that receives payments over \$75 that are in part contributions and in part payment for goods or services ("quid pro quo contributions") must provide the donor with a written statement that the deductible contribution is limited to the excess of the amount of the payment over the value of the goods and services provided by the institution. The statement must include a good faith estimate of the value of the goods and services. IRC 6115, 6714.

If property was accepted subject to a mortgage, consider whether the institution has unrelated debt-financed income within the meaning of IRC 514. With certain exceptions, IRC 514(c)(9) excludes from the definition of "acquisition indebtedness" real property acquired by an organization described in IRC 170(b)(1)(A)(ii) and its affiliated support organizations described in IRC 509(a)(3).

Review agency agreements with financial institutions for management of various funds for possible inurement of impermissible private benefit.

IRC 170(1) provides that eighty percent (80%) of an amount paid by a taxpayer to or for the benefit of an educational organization which would be allowable as a deduction under IRC 170 but for the fact that the taxpayer receives as a result of the payment the right to purchase tickets for seating at an athletic event in the institution's stadium is allowable as a deduction. Amounts paid for the purchase tickets are treated as separate amounts for purposes of this subsection. IRC 170(1) is an exception to the general rule that where a taxpayer receives a significant benefit in exchange for a contribution to a charity, a deduction is disallowed to the extent of the fair market value of the benefit received. See Rev. Rul. 86-63, 1986-1 C.B. 88; Rev. Rul. 67-246, 1967-2 C.B. 104. However, IRC 170(1) applies only where the benefit received is the right to purchase tickets to an athletic event at the institution's facilities, not to all other benefits received in return for the contribution. If an individual or an organization claims an IRC 170 deduction for a contribution to an educational institution, inquire whether the individual or organization is using a sky box for athletic events. IRC 170 (1) applies only to payments that accord an individual or organization the right to purchase tickets, not the right to lease a skybox. See IRC 274 (1) for the rules on the extent to which a business deduction is allowed for skybox payments.

Contributions to an institution for the purpose of acquiring or constructing college-owned housing facilities that are rented to fraternities at rates substantially equivalent to those charged for comparable housing facilities in the institution's dormitories are deductible under IRC 170. Rev. Rul. 60-367, 1960-2 C.B. 73. In order for the contribution to be deductible, it must in reality be a gift to the institution, not a gift to a fraternity using the institution as a conduit.

Determine whether the institution acknowledges taxpayer contributions of books that are not usable in the institutions' exempt activities (e.g., books that are outdated, damaged, or unsuitable for reading by the majority of the reading public) with statements that the books will be used in compliance with IRC 170(e)(3). A contribution is not deductible under IRC 170(e)(3) unless the books are usable in the institution's exempt activities and are used for the care of the ill, needy or infants.

Virtually all universities engage in financing arrangements in their normal operations. Identify all financing arrangements, including real property mortgages, equipment loans, term loans, lines of credit and other credit facilities, lease-purchase arrangements and capital leases. Where applicable, review interest rate(s)

and terms in loans agreements, promissory notes and security documents (e.g., financing statements, assignments, guaranties, indemnity agreements and pledges of securities). See the loan commitment letter and attorneys' opinion letter for a summary of the transaction. Compare interest rate(s) and terms (e.g., compensating balances, lender's security and remedies) to rates and terms available when the debt was incurred. Determine the relationship between the institution and the lender. Inquire whether the lender has any other relationship with the institution and, if so, its nature and extent. Determine whether the facts taken as a whole indicate that the lender or other party to the transaction benefits inordinately from the relationship (other than obtaining commercially reasonable interest rate and terms, for example).

C. IRS Issues and Answers as of January 1, 1994

Donors: Written Acknowledgment of Contributions of \$250 or More

Effective in 1994, Omnibus Budget Reconciliation Act of 1993 (OBRA) adds Internal Revenue Code section 170(f)(8), which denies a charitable deduction for any contribution of \$250 *or more* unless the donor obtains a *contemporaneous written acknowledgment* of the contribution from the charity. Canceled checks will no longer constitute sufficient documentation to support a charitable contribution.

The written acknowledgment must include the following:

- The amount of cash contributed.
- A description—but not the value—of any non-cash property contributed.
- Whether the charity provided any goods or services to the donor in exchange for all or part of the cash or property contributed.
- A description and good faith estimate of the value of goods and services, if goods and services are provided.

A contemporaneous acknowledgment is one that is obtained on or before the earlier of:

- The date on which the taxpayer files a return for the taxable year in which the contribution is made; or
- The due date, including extensions, for filing such a return.

The new law also requires charities to provide written disclosures about the solicitation or receipt of *quid pro quo* contributions that exceed \$75. A *quid pro quo* contribution is one in which the donor's payment is made partly as a contribution and partly as consideration for goods or services.

The disclosure must:

- Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and other property contributed by the donor, over the value of the goods or services provided by the charity; and
- Provide the donor with a good faith estimate of the value of such goods or services.

The disclosure must be made when the contribution is solicited or when the contribution is received. A charity that fails to make the required disclosure is subject to a penalty of \$10 for each contribution for which the required disclosure is not made. The total penalty imposed for a particular fund-raising event or a mailing shall not exceed \$5,000.

An exception to the disclosure rules exists when a charity provides goods or services of *de minimis* value to a donor in connection with a contribution. This exception is discussed in more detail later.

The *quid pro quo* disclosure requirement is effective for contributions made on or after January 1, 1994.

Both the donor substantiation and donee acknowledgment provisions of OBRA require a good faith estimate of the fair market value of goods and services provided by a charity. Historically the burden has been on the donor to establish that the amount of a payment exceeds the value of goods and services received. OBRA shifts the burden of establishing fair value to the charity. Unfortunately, OBRA does not provide guidance on how charities are to arrive at the value of goods and services provided.

In a 1967 ruling, Revenue Ruling 67-246, the IRS explained that "[w]here the affair is reasonably comparable to events for which there are established charges for admission, such as theatrical or athletic performances, the established charges should be treated as fixing the fair market value of the admission or privilege." Thus

the amount that would be paid *by the donor* for similar goods or services in a commercial setting should be used as a benchmark for disclosure purposes.

The requirement of a good faith estimate of value suggests that the process is as important as the result. Thus the manner in which the value of benefits is arrived at should be documented by the charity.

De Minimis Benefits

In 1990, the IRS published safe harbor guidelines that permitted charities to advise donors that contributions were fully deductible when only small items or other benefits of token value were provided to the donor (Revenue Procedure 90-12 and Revenue Procedure 92-49). These rules remain in effect after OBRA.

For the *de minimis* benefit exception to apply, the payment must occur in the context of a fund-raising campaign in which the charity informs donors of how much of their payment is a deductible contribution. In addition, one of the following three requirements must be met:

- The fair market value of all of the benefits received in connection with the payment must not exceed the lesser of 2 percent of the payment or \$50. The IRS has adjusted the \$50 amount for inflation to \$62 for 1993 and \$64 for 1994.
- The payment is \$32 (for 1994), as adjusted for inflation, or more;
- The only benefits received in connection with the payment are token items (for example, bookmarks, calendars, key chains, mugs, posters, or t-shirts) that bear the organization's name or logo; and
- The cost as opposed to the fair market value of all of the benefits received by a donor must in the aggregate be within the limits established for "low-cost articles" by the IRS Code, also adjusted for inflation. For 1994, the token item payment amount is \$32, and the low-cost article amount is \$6.40.

The charity mails or otherwise distributes free, unordered items to donors. Under this exception, the item received by the donor must not have been distributed at the donor's request or with the express consent of the donor.

Any items distributed are accompanied by a request for a charitable contribution and by a statement that the donor may retain the item whether or not a contribution is made; and

The aggregate cost of the items distributed satisfies the low-cost articles limitations described in item 2(c).

Special rules also provide that newsletters or program guides will be treated as if they did not have a measurable fair market value or cost if the following criteria are satisfied:

- The publication is not a "commercial-quality publication" (in general, commercial-quality publications include professional journals or publications that contain articles written for compensation or that accept advertising);
- The primary purpose of the publication is to inform members about the activities of the organization; and
- The publication is not available to nonmembers by paid subscription or through newsstand sales.
- If the goods and services furnished by the charity are of *de minimis* value, the solicitation material or written acknowledgment should include the following statement: "Under Internal Revenue Service guidelines the estimated value of [the benefits received] is not substantial; therefore, the full amount of your payment is a deductible contribution."

IRS Substantiation Clarification

After the issuance of the aforementioned substantiation rules the IRS issued documents clarifying some of their positions. The following are excerpts from those clarifications issued in the summer of 1995.

Federal Register: May 27, 1994

Substantiation Requirement for Certain Contributions

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) relating to the substantiation requirement for the deduction of certain charitable contributions under section 170(f)(8) of the

Internal Revenue Code (Code). Section 170(f)(8) was added by section 13172 of the Omnibus Budget Reconciliation Act of 1993.

Need for Temporary Regulations

The provisions contained in this Treasury decision are needed immediately to provide guidance to the public with respect to the application of the substantiation requirement of section 170(f)(8).

Therefore, it is found impracticable and contrary to the public interest to issue this Treasury decision with prior notice under section 553(b) of title 5 of the United States Code.

Explanation of Provisions

Section 170 allows a deduction for contributions to or for the use of certain specified organizations, including those organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes. To be deductible under section 170 of the Code, a payment to or for the use of a qualified organization must be a gift--that is, a payment of money or transfer of property without adequate consideration. Rev. Rul. 67-246, 1967-2 C.B. 104. Thus, if a taxpayer receives goods or services from the organization in consideration for a payment, the taxpayer may not deduct as a charitable contribution more than the excess of the amount paid over the value of the consideration received. The Service has determined, however, that if a taxpayer receives only certain inconsequential or insubstantial benefits in consideration for a payment to a qualified organization, the taxpayer may deduct the entire payment as a charitable contribution.

Section 170(f)(8) disallows a deduction for any contribution of \$250 or more that is not substantiated by a written acknowledgment from the donee organization. The acknowledgment must provide information regarding (a) the money or other property contributed, and (b) any goods or services provided by the donee organization in whole or partial consideration for the contributed money or other property.

Section 170(f)(8) is a compliance provision, intended to facilitate the enforcement of the substantive requirements for a deduction under section 170. The compliance purpose of section 170(f)(8) does not require that an acknowledgment refer to goods or services provided by a donee organization to a donor if the provision of goods or services does not affect the amount that the donor is entitled to deduct as a charitable contribution. Therefore, the temporary regulations provide that goods or services given in return for a contribution need not be taken into account for purposes of section 170(f)(8), if the goods or services have insubstantial value under the guidelines provided in Rev. Procs. 90-12 and 92-49 (and any successor documents).

Some donee organizations receive contributions through arrangements in which employers withhold amounts from the wages of their employees in accordance with pledges made by the employees, and pay the withheld amounts to the donee organizations. Donee organizations that use these arrangements may not know the identity of the contributing employees or the amounts contributed by each employee. Therefore, these donee organizations may face difficulty in preparing the acknowledgments contemplated by section 170(f)(8).

Accordingly, the temporary regulations also provide special rules for contributions made by payroll deduction. The special rules allow taxpayers to substantiate contributions made by payroll deduction by a combination of two documents: (a) a document furnished by the taxpayer's employer that evidences the amount withheld from the taxpayer's wages, and (b) a document prepared by the donee organization that states that the organization does not provide goods or services as whole or partial consideration for any contributions made by payroll deduction.

The special rules for contributions made by payroll deduction, like the underlying statutory provisions, do not require that the document prepared by the donee organization take any particular form. Similarly, although donors must obtain the document in time to meet the "contemporaneous" requirement of the statute (generally, by the time they file the relevant tax return), the rules do not require the donee organization to prepare the document at any particular time. Therefore, if a donee organization includes the statement contemplated by the rules on a pledge card prepared to solicit contributions in 1995, a donor who receives the card before timely filing the donor's 1994 tax return could use the card to substantiate contributions made in 1994.

The temporary regulations also provide that, for purposes of applying the \$250 threshold provided in section 170(f)(8)(A) to contributions made by payroll deduction, the amount withheld from each paycheck is treated as a separate contribution. Thus, the substantiation requirement of section 170(f)(8) will not apply to

contributions made by payroll deduction unless the employer deducts \$250 or more from a single paycheck for the purpose of payment to a donee organization.

Federal Register: August 4, 1995

Deductibility, Substantiation, and Disclosure of Certain Charitable Contributions

SUMMARY: This document contains proposed regulations that provide guidance regarding the allowance of certain charitable contribution deductions, the substantiation requirements for charitable contributions of \$250 or more, and the disclosure requirements for quid pro quo contributions in excess of \$75. The proposed regulations will affect organizations described in section 170(c) and individuals and entities that make payments to those organizations.

Deductibility of a Payment in Exchange for Consideration

In *United States v. American Bar Endowment*, 477 U.S. 105 (1986), the Supreme Court set forth a two-part test for determining whether a payment that is partly in consideration for goods or services is deductible under section 170(a). First, a payment to an organization described in section 170(c) is deductible only if, and to the extent that, the payment exceeds the fair market value of the benefits received. Second, the excess payment must be made with the intent to make a charitable contribution. See also Rev. Rul. 67-246, 1967-2 C.B. 104.

The proposed regulations adopt this two-part test for determining whether a payment is deductible under section 170(a). Specifically, the regulations provide that, in order for a charitable contribution deduction to be allowed, a taxpayer must intend to make a payment in an amount that exceeds the fair market value of the goods or services received in return, and must actually make a payment in an amount that exceeds that fair market value.

Certain Goods or Services Disregarded

Under current law, a taxpayer who receives membership benefits in return for a payment to an organization described in section 170(c) may not claim a charitable contribution deduction for more than the amount by which the payment exceeds the fair market value of the membership benefits. *United States v. American Bar Endowment*, 477 U.S. 105 (1986). Accordingly, taxpayers and donee organizations must determine the fair market value of any membership benefits the donee organization provides to its donors.

It is often difficult to value membership benefits, especially rights or privileges that are not limited as to use, such as free or discounted admission or parking, and gift shop discounts. In the course of preparing these proposed regulations, the IRS and the Treasury Department have considered the extent of the difficulty of valuation and have concluded that it is appropriate to provide limited relief with respect to certain types of customary membership benefits while preserving the IRS's ability to administer the law fairly and consistently. Accordingly, the proposed regulations provide that both the donee organization and the donor may disregard certain membership benefits when they are provided in return for a payment to the organization. Section 1.170A-13T(a) already allows donors and donee organizations to disregard goods or services that are treated as having insubstantial value under existing IRS guidelines. The guidelines cover low cost articles (items costing \$6.60 or less for 1995), newsletters that are not commercial quality publications, and benefits worth 2% or less of a payment, up to a maximum of \$66 for 1995. The substance of this section has been incorporated into section 1.170A-13(f)(8)(i).

Under the proposed regulations, other benefits may be disregarded only if they are given as part of an annual membership offered in return for a payment of \$75 or less and fall into one of two categories. The first category is admission to events that are open only to members and for which the donee organization reasonably projects that the cost per person (excluding allocable overhead) for each event will be less than or equal to the standard for low cost articles under section 513(h)(2)(C) (\$6.60 for 1995). An example is a modest reception where light refreshments are served to members of a donee organization before an event. The second category is rights or privileges that members can exercise frequently during the membership period. An example is free admission to a museum.

The items described in the previous two paragraphs may be disregarded for purposes of determining whether the taxpayer has made a charitable contribution, the amount of any charitable contribution that has been made, and whether any goods or services have been provided that must be substantiated under section 170(f)(8) or disclosed under section 6115. Thus, the effect of these provisions is broader than that of the temporary regulations, which provided less comprehensive relief and then only for items of insubstantial value.

Goods or Services Provided to Donor's Employees

The proposed regulations also contain relief where donee organizations provide goods or services to the employees of their donors. Goods or services that may be disregarded for the purposes specified above when provided directly to a donor may also be disregarded for the same purposes when provided to a donor's employees.

Any other goods or services provided to the donor's employees must be taken into account for purposes of calculating any charitable contribution the donor claims as a deduction. If a contemporaneous written acknowledgment of the donor's contribution is required under section 170(f)(8), it must include a description of these goods or services. However, the proposed regulations provide that the contemporaneous written acknowledgment may omit the otherwise required good faith estimate of the value of these goods or services; similarly, the proposed regulations provide that a written disclosure statement required by section 6115 for a payment made in exchange for these goods or services may include a description of them in lieu of the otherwise required good faith estimate of their value.

Good Faith Estimate

For purposes of sections 170 and 6115, the proposed regulations define a good faith estimate of the value of goods or services provided by an organization described in section 170(c) as an estimate of the fair market value of those goods or services. The fair market value of goods or services may differ from their cost to the donee organization. The organization may use any reasonable methodology that it applies in good faith in making the good faith estimate. However, a taxpayer is not required to determine how the donee organization made the estimate.

The proposed regulations further provide that a donee organization may make a good faith estimate of the value of goods or services that are not available in a commercial transaction by reference to the fair market value of similar or comparable goods or services. Goods or services may be similar or comparable even though they do not have the unique qualities of the goods or services that are being valued.

Reliance on Donee Estimates

The proposed regulations provide that a taxpayer generally may treat an estimate of the value of goods or services as the fair market value for purposes of section 170(a) if the estimate is in a contemporaneous written acknowledgment (as required by section 170(f)(8)) or a written disclosure statement (as required by section 6115). Thus, a taxpayer that makes a payment to an organization described in section 170(c) and receives an item in return generally may rely on the organization's estimate of the value of the item in calculating its charitable contribution deduction if the estimate is included in a contemporaneous written acknowledgment or a written disclosure statement.

However, a taxpayer may not treat an estimate as the fair market value of the goods or services if the taxpayer knows, or has reason to know, that such treatment is unreasonable. For example, if the taxpayer is a dealer in the type of goods or services it receives from an organization described in section 170(c), or if the goods or services are readily valued, it is unreasonable for the taxpayer to treat the donee organization's estimate as the fair market value of the goods or services if that estimate is in error and the taxpayer knows, or has reason to know, the fair market value of the goods or services.

An estimate of the value of goods or services in a contemporaneous written acknowledgment or written disclosure statement is not in error if the estimate is within the typical range of retail prices for the goods or services. For example, if an organization provides a book in exchange for a \$100 payment, and the book is sold at retail prices ranging from \$18 to \$25, the taxpayer may rely on any estimate of the organization that is within the \$18 to \$25 range.

For questions or comments contact the Director of Advancement Services (920) 403-3027.

*Bob Rickards
Director of Advancement Services
St. Norbert College
100 Grant Street
De Pere, WI 54115
(920)403-3027*

Last Saved on: 1/18/2006