NC STATE UNIVERSITY

	Standard Operating Procedures for Acceptance of Gifts
Authority:	Vice Chancellor for University Advancement
Contact Info:	Associate Vice Chancellor for Advancement Services – (919) 515-9079 Associate Vice Chancellor for Development – (919) 515-0525
Related Policies:	POL03.00.1, Coordination of Fundraising Activities and Acceptance of Private Donations (Gifts) REG07.50.1, Acquisitions and Dispositions REG10.00.1, Donations of Intellectual Property to NC State University
Effective Date:	First Issued: March 27, 2008 Last Revision Date: April 2016

Welcome

Thank you for accessing the Standard Operating Procedures for Acceptance of Gifts (SOPGAP). Please click the underlined hyperlinks throughout the document to navigate quickly to the desired section of the SOPGAP. You may also use the underlined hyperlinks throughout the SOPGAP to navigate to external forms, websites, or definitions of terms.

Are you a new reader of the SOPGAP? If so, please read the **new reader Frequently Asked Question (FAQ) section**.

Gift Acceptance

Below, the policies and procedures for accepting gifts are listed according to each ***type of gift***. Please click the underlined hyperlinks within the red box in order to navigate to the section of your choice.

Additionally, please click one of the following hyperlinks to review the ***supplemental information and exceptions*** on page 18.

Frequently Asked Questions (FAQ) for New Readers

What is the SOPGAP?

The Standard Operating Procedures for Acceptance of Gifts (SOPGAP) document sets forth the **University's rules of engagement** for the acceptance of gifts received by the University and University Associated Entities. North Carolina State University (NC State) actively encourages the solicitation and acceptance of gifts that enable it to fulfill the University's missions of teaching, research, extension, and engagement. The Office of University Advancement is charged by the Chancellor to increase private giving in support of the University's missions, to collect and maintain **donor information** on all gifts in keeping with the **Donor Bill of Rights**, as well as to provide donors with the appropriate receipt for income tax filing purposes. The primary sources for this document are the standards and definitions provided by the Council for Advancement and Support of Education (CASE) in its publication *CASE Reporting Standards and Management Guidelines, 4th edition,* and Partnership on Philanthropic Planning in its publication guidelines for *Reporting and Counting Charitable Gifts, 2nd edition*.

Who is responsible for adhering to the SOPGAP policies and procedures?

All parties involved are responsible for accepting gifts in the manner set forth in the SOPGAP. All employees of NC State and its **University Associated Entities** must adhere to the following procedures. Failure to do so may subject the employee to disciplinary action, up to and including dismissal, and/or personal liability. Alumni & Donor Records (**ADR**) will be responsible for reviewing and monitoring all gifts for appropriateness to ensure that the Standard Operating Procedures and any applicable policies have been followed. Appropriate documentation should be retained in each development office; a copy of such documentation should be provided to ADR at the time gifts are processed.

Do SOPGAP policies and procedures apply to all gifts?

This document does not apply to gifts made to the NCSU Student Aid Association, Inc. (the Wolfpack Club) or the North Carolina Textile Foundation, Inc. (Textiles), except for deferred gifts and gifts of real estate. Any gift to NC State that results in points toward seating preference at on-campus athletic events must be reduced by 20% when calculating gift credit and tax-deductible amounts. Donors should always consult their own tax advisors regarding contributions. This document does not apply to sponsored contracts, **grants,** and cooperative agreements for research purposes.

What types of gifts are not accepted by NC State?

The University will assess the financial desirability of receiving assets as **gifts** from potential donors and determine whether to accept a gift as offered. Certain gifts will be subject to an assessment as directed by the Chancellor. The University reserves the right to ***decline gifts*** from which it will realize little or no financial gain. It may refuse gifts that are offered for purposes that are inconsistent with its educational, research, and service missions.

The University and **University Associated Entities** shall not accept gifts with restrictions that violate the University's ethical standards, or those that require expenditures beyond their resources, that compromise the academic freedom of the University community, or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability or any other basis prohibited by federal, state and local laws and regulations.

Additionally, the following types of income will ***not be recorded*** as gifts by the University and University Associated Entities:

- Advertising income
- Alumni membership fees and dues
- Appraisal costs
- Contract revenues
- Contract services
- Discounts on purchases, such as the common practice of offering education discounts, but not to be confused with bargain sales, which are acceptable gifts
- Earned income
- Reimbursement of expenses associated with transferring a gift to the University

- Gifts to social organizations such as sororities or fraternities, with the exception of those gifts deemed as educational purpose by the Internal Revenue Service (IRS).
- Monies received as a result of exclusive vendor relationships, such as pouring rights
- Government funds whether local, state, federal, or foreign. This includes disbursements from Indian Tribal Governments and their private enterprises.
- Instances where there is a stipulation that a specific student be the recipient of a scholarship or tuition funds
- Memorials that are not intended to remain with the entity to support University programs. For example, requesting memorial gifts for scholarship funds that will belong to the minor children of the deceased.
- Non-gift portions of quid pro quo transactions
- Proceeds from the sale of merchandise, unless the merchandise is sold as part of a fundraising program and the charitable portion of the gift transaction is clearly identified
- Royalties for affinity agreements

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Gift Types

Cash gifts

All **gifts** to the University or a **University Associated Entity**, with the exception of Textiles and Wolfpack Club, are processed through Alumni & Donor Records (**ADR**) in the Office of Advancement Services.

In order for cash gifts to be accredited to a University Associated Entity project, the gift must have been solicited in the name of the University Associated Entity. Additionally, checks must be made payable to the entity in which the gift is to be deposited. All other cash gifts will be deposited to a University account. In order to deposit an unmarked check (i.e., a check not made payable directly to a foundation) to a foundation account, it must be accompanied by additional supporting documentation from the donor. This supporting documentation must indicate clearly the donor's intent to make a gift to that entity, unless there is clear evidence that the intent of the payment is in support of a previously recorded pledge to that entity.

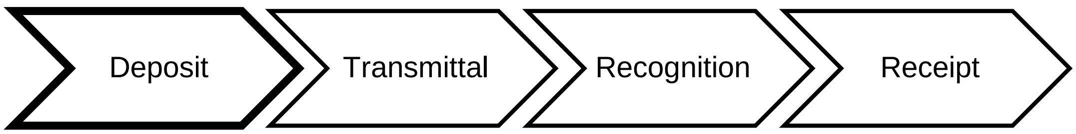
Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT), or by wire transfer. Cash gifts are complete on the date the cash is provided physically to a representative of the University or a University Associated Entity.

The date of gift for cash gifts listed in our gift records will be the date the gift is processed by ADR. (Note: The gift date that a donor can claim for tax purposes may be earlier than the date the gift is processed by ADR. The donor's gift date for tax purposes will depend upon how the gift was delivered, and must be determined ultimately by the donor in consultation with his or her tax advisor.)

- For ***credit card gifts***, the name on the credit card must match the name of the person making the gift.
- ***Checks*** will be deposited to the entity named as the Payee on the check. Checks made payable directly to a University Associated Entity will be deposited directly to that entity's account. All other checks must be deposited with the University.

- ***Gifts of foreign currency*** will be valued at the U.S. dollar equivalent on the date the gift is received. Foundations Accounting & Investments (**FAI**) is responsible for currency conversion transactions, and for informing either the development office preparing the gift transmittal or ADR of the U.S. dollar amount of the gift. The transaction fees resulting from converting foreign currency to U.S. dollars will be charged against the gross proceeds of the gift.
- ***University payroll deduction*** can be established through ADR or through the Human Resources (HR) payroll office. Monthly payments by credit card or bank draft can be made online or by sending a gift transmittal form to ADR for processing each month.

Procedure to process cash gifts



1. ***Deposit.*** Gifts to the University are deposited by departments receiving them through ADR (for gifts to a University Associated Entity) or through the Cashier's Office (for gifts to the University).
2. ***Transmittal.*** The development office that receives the gift is responsible for preparing the **gift transmittal form** and submitting it to ADR within 24 hours of receipt along with either the original or copies of all supporting documentation for the gift. If the gift is a payment toward a pledge, the development office filing the gift transmittal form should note that the payment is a pledge payment. If funds are being ***wired***, the development office must alert FAI as wired funds come to its attention. FAI will alert the development office working with the donor and ADR of the date funds are received. The development office that receives the wired funds must prepare the gift transmittal form and submit it to ADR along with written confirmation from FAI. To do so, contact FAI staff member Yolanda Noble at ydnoble@ncsu.edu or (919) 515-1156, or Falguni Patel at fkpatel@ncsu.edu or (919) 515-1004. ADR will record the gift in Advance.
3. ***Recognition.*** Outright gifts of cash and cash equivalents such as checks, credit cards, wire transfers, or payroll deductions are credited to the donor's giving record at actual cash value. The donor's giving record will receive **legal credit** for the value of the gift. **Recognition credit** is given automatically to the spouse/partner. It is not always obvious who (other than spouse) should receive soft credit, such as a family foundation, a living trust, community foundation, or donor advised fund. Therefore, the development department must inform ADR via the gift transmittal form when such credit should be given. Recognition credit will also be given if the gift is made by a ***business entity***, provided the donor is the major owner or one of the major owners of the business. This relationship must be brought to the attention of ADR.
4. ***Receipt.*** A receipt is issued for the actual cash value of the gift. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Pledges

Pledges should be recorded in accordance with relevant Financial Accounting Standards Board (FASB) rules, Council for Advancement and Support of Education (CASE) Guidelines, and the pledge rules and procedures prescribed by Advancement Services.

Pledge commitments must be written, signed by the donors, and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. In addition, the written pledge must contain a statement of the **gift's** designation, purpose, and any restrictions. Pledges are established for a period of five years or less.

A donor's pledge cannot be paid in the gift system with a payment by a third party such as a community foundation, donor-advised fund, or a matching gift. In addition, a donor's pledge cannot be paid in the gift system with a gift of an asset that cannot be easily converted to cash—such as real estate or closely-held securities—until such assets are liquidated. (Such gifts will still be recorded at the time of gift under the applicable procedure for the asset donated, but any pledge balance adjustments will occur after liquidation.)

A donor may make one of the following types of pledges:

- ***Unconditional pledges*** are a promise to give that depends only on the passage of time or demand by the promise of performance.
- ***Conditional pledges*** are a promise contingent upon an event occurring, goal being attained, or another specific requirement being met before a contribution will be made. Conditional pledges are not counted in fundraising totals until the condition is fulfilled.

Procedure to process unconditional and conditional pledges

1. ***Pledge transmittal.*** The development office working with the donor should submit the completed unconditional **pledge transmittal form** or a conditional pledge transmittal form to Alumni & Donor Records (**ADR**). ADR will record the pledge in Advance.
2. ***Pledge reminder.*** ADR is responsible for sending the pledge reminders to the donor unless the development office working with the donor requests to send the reminder. Pledge reminders are generated at the beginning of the month that the pledge is due. Pledges are recorded in the Advance database on a monthly, quarterly, yearly, or custom schedule.
3. ***Recognition.*** The donor's giving record will receive **legal credit** for the value of the pledge payment. **Recognition credit** is given automatically to the spouse/partner. It is not always obvious who (other than spouse) should receive soft credit, such as a family foundation, a living trust, community foundation, or donor advised fund. Therefore, ADR must be informed via the gift transmittal form when such credit should be given. Recognition credit will also be given if the gift is made by a ***business entity***, provided the donor is the major owner or one of the major owners of the business. This relationship must be brought to the attention of ADR.
4. ***Receipt.*** ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

Pledge monitoring and reminders

The development officer responsible for the pledges should monitor them. When a pledge amount has been received by a third party, the development officer should notify ADR to reduce the pledge by the same amount manually.

Advancement Services is working to implement a new process for delinquent pledges in the calendar year 2016. This document will be updated when the plan is implemented.

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Publicly traded securities, mutual funds, and dividend reinvestment accounts

Alumni & Donor Records (**ADR**) is responsible for processing **gifts** of securities to benefit NC State or a **University Associated Entity**, except for Textiles and the Wolfpack Club.

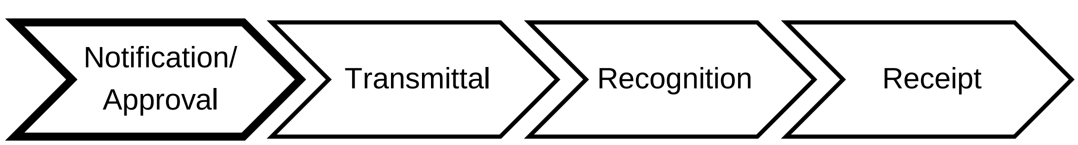
Marketable stocks, bonds, or other securities traded on national exchanges are acceptable as outright gifts, payments towards pledge commitments, and to fund various deferred gifts such as charitable remainder trusts and charitable gift annuities.

Generally, securities are sold as soon as they are received. The charitable deduction and ***internally recorded value of the gift*** is based on the average of the high and low selling price for the security on the date of gift. The internal valuation date of gift on a securities transaction depends on the type of delivery used. The security may be mailed, delivered personally to a representative of the University or the University Associated Entity, or transferred electronically (via the DTC system) from the donor's brokerage account to the brokerage account for the University or a University Associated Entity. Additionally, the donor may have shares re-issued by the transfer agent in the name of NC State University or one of the University Associated Entities. The date of the securities gift will be the date the gift is processed by ADR.

Dividend reinvestment accounts (DRIP) are another way that a donor may make a gift of securities. A DRIP account holds stock that is acquired because the donor has his or her dividends reinvested in order to purchase additional shares. This type of account usually holds fractional as well as full shares.

Gifts of **mutual fund shares** are also acceptable; however, transfers of this type take longer to complete. Many mutual funds are not DTC transferable. Each company sets its own requirements regarding transferring these shares to a charitable organization.

Procedure to process gifts of securities



1. ***Notification/Approval.*** The development officer or staff person should notify the Office of Gift Planning (**GPO**) as soon as they know a stock transfer is going to be made. The development officer, in consultation with GPO, will provide electronic transfer instructions for the University or any of the University Associated Entities to donors or their advisors. If paper certificates will be used, the GPO will help the donor prepare the required stock power and the donor letter of instruction. These documents require the donor to have his or her signature guaranteed at a commercial bank or a brokerage account before they are returned to the GPO to complete the gift transaction.

   The gift planning officer works with Foundations Accounting and Investments (FAI) to authorize the sale of the stock when it has been received. Required information includes the name of the donor, the number of shares, the name of the security being transferred, and the account name and number to which the proceeds should be deposited.

2. ***Transmittal.*** ADR prepares all security transmittal documents. ADR informs the appropriate University entity that a security gift is being made and sends copies of all paperwork to the appropriate development office.

3. ***Recognition.*** The donor's giving record will receive **legal credit** for the value calculated for internal purposes. Any difference between the average price and the actual selling price will be treated as a gain or loss to the fund when the gift is deposited and posted to the accounting system by FAI. When securities are used to make a payment against a ***pledge***, the pledge balance will be reduced by the amount of the legal credit. **Recognition credit** is given automatically to the spouse/partner.

4. ***Receipt.*** A receipt will be issued to the donor reflecting the internal value of the shares on the date of the gift, as well as a description of the securities received. The receipt will reflect the average of the high/low sales price of the securities on the date of gift. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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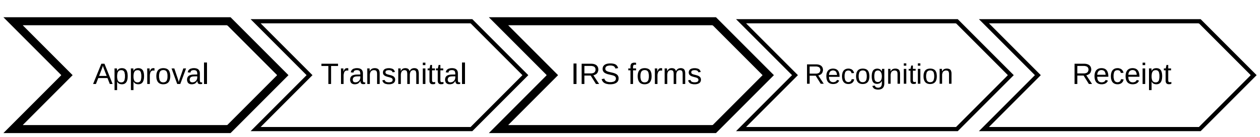
Closely-held securities (non-public) or restricted stock

Under certain circumstances, the University will accept **gifts** of securities that are not traded on a public stock exchange or that have restrictions. This gift will be evaluated in a manner similar to other assets that cannot be easily converted to cash, such as real estate. The Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business must approve the acceptance of non-public securities before the shares can be accepted. The gift must be ***appraised*** by a qualified appraiser according to the Internal Revenue Service (IRS) guidelines. The donor is responsible for the cost of the appraisal.

Procedure to process gifts of closely-held securities



1. ***Approval.*** If a donor wishes to make a gift of closely-held securities, the development office working with the donor should contact the Office of Gift Planning (GPO). Before a gift of closely-held stock can be accepted, the GPO will use the gift of securities transmittal form to request approval to accept the gift from the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business. Information required includes the potential use for the gift; the number of shares; estimated value; the company's governing documents; its financial statements; the potential to liquidate the shares; a determination of any restrictions as to when the stock can be traded or to whom it may be traded, including any buy/sell agreements; and the identity of any potential purchaser of the shares. The company's most recent tax return or Schedule K-1 may also be required.
2. ***Transmittal.*** The gift of securities transmittal form must be completed by ADR; the stock group and the development office working with the donor will be notified afterward. ADR will record the gift in Advance.
3. ***IRS form.*** Internal Revenue Service (IRS) Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to GPO. GPO will coordinate signatures from the appropriate Officer of the University.
4. ***Recognition.*** The donor's giving record will receive **legal credit** for the appraised value of the shares. No adjustments to the giving record are made once the shares are sold. **Recognition credit** is given automatically to the spouse/partner.
5. ***Receipt.*** The receipt will indicate the number of shares, the name of the company, and the gift date. No gift value will be listed. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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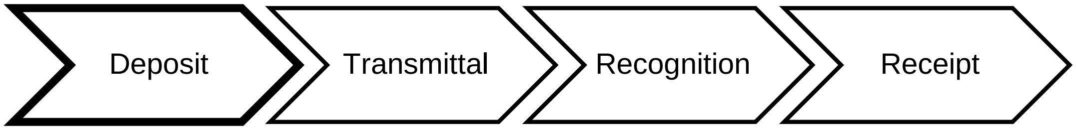
Employer-sponsored matching gifts

A matching **gift** may be received from a company or a company-funded foundation that matches a gift given to the University or a **University Associated Entity**, including the Wolfpack Club. Certain gifts to the Wolfpack Club are not allowed by the matching company. These gifts will be matched to a fund for the general use of the University.

When the original gift being matched is a ***stock gift***, the value that will be matched is the internally calculated value as described above, and not the net proceeds from the sale. Under certain circumstances, a matching gift claim can be entered for a deferred gift. This is an exception to the rule that the matching funds must be deposited into the same account as the original gift. The Office of Gift Planning (**GPO**) will work with the Matching Gift Manager to insure the gift is deposited properly into an appropriate account. This generally only happens when a company has allowed a matching gift to be made as long as it goes to an endowment or specific fund and is not added to the deferred gift.

Procedure to process matching gifts



1. ***Deposit.*** Gifts to the University are deposited by the Matching Gift Manager in Alumni & Donor Records (**ADR**) through the Cashier's Office.
2. ***Transmittal.*** The development officer or staff member submits the matching gift form along with the original **gift transmittal form** to ADR for processing. The Matching Gift Manager in ADR is solely responsible for processing all matching gift claims. The matching gift information is provided on the original gift transmittal. ADR will record the matching gift in Advance. Potential matching gifts cannot be entered as a part of a pledge the donor makes since those are not funds the donor has control of or is entitled irrevocably to receive.
3. ***Recognition.*** Matching gifts must be credited to the same account(s) as the original gift unless restricted by the matching company. The matching company receives **hard credit** for the matching gift. The original donor's giving record is **soft credited** for the value of the matching gift. Soft credit is also given to the spouse/partner of the original donor for the value of the matching gift.
4. ***Receipt.*** ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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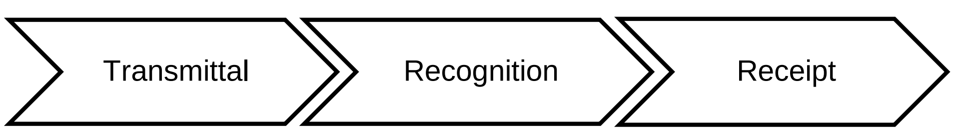
Donor Advised Funds and Community Foundations

Donor Advised Funds (DAF) and Community Foundations (CF) are recognized as stand-alone 501(c)(3) tax-exempt charitable organizations.

A donor may recommend that a donor advised fund or a community foundation make a **grant** to NC State or one of the related foundations from funds the donor has given to the DAF or CF. When a donor makes a donation to one of these entities, no tax receipt will be issued to the original donor; he or she will receive his or her income tax deduction from the DAF or CF.

Procedure to process DAF or CF gifts



1. ***Transmittal.*** The development officer or staff member sends the **gift** of DAF or CF via the **gift transmittal form** to Alumni & Donor Records (**ADR**) for processing. ADR will record the gift in Advance.

2. ***Recognition.*** The donor's giving record will be **soft credited** with the value of the gift and it will be noted that the **gift** was made by the DAF/CF. Soft credit is also given to the spouse/partner. It is not always obvious who should receive soft credit for a DAF/CF gift. Therefore, ADR must be informed via the gift transmittal form when such credit should be given.
3. ***Receipt.*** ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to the DAF/CF within two business days after processing.

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Sponsorships

Sponsorships are payments by a person engaged in a trade or business in which there is no arrangement or expectation that the person will receive any substantial return. Sponsorships are typically encouraged for underwriting events. Simply calling something a sponsorship does not necessarily mean the sponsor receives something of value in exchange. Often, sponsors are merely seeking name recognition. However, standard quid pro quo benefits such as receiving a table or certain number of tickets to the event may be issued in return for sponsorships.

Sponsorships are generally considered **gifts** unless the sponsor receives something of value as part of the sponsorship, such as meals or event tickets. In these cases, the value of the items received must be subtracted from the sponsorship amount. For example, if a company sponsors an event and pays $1,000, and in exchange receives four free meals, valued at $25 each, then $900 would be treated as a gift, and $100 would be treated as Other Income.

In terms of recognition, sponsors may receive the following recognition:

- Sponsor's location, phone number, and website
- Value-neutral descriptions, including displays or visual depictions of the sponsor's product line or services
- Displays of brand or trade names and provide or service listings
- Logos or slogans that are an established part of the sponsor's identity
- Display or distribution (free or at cost) of the sponsor's product at the sponsored event

Sponsors may not, however, receive the following recognition:

- Qualitative or comparative language
- Price information or other indicators of savings or value
- Endorsement or inducement to purchase, sell, or use the sponsor's service, facility, or product
- Advertising messages

Procedure to process sponsorships

1. ***Notification/Confirmation.*** Notify Alumni & Donor Records (**ADR**) and Foundation Accounting & Investments (**FAI**) that your department is seeking to secure sponsorship for an event. Prior to finalizing the sponsorship, provide as much detail as possible to ADR and FAI**.**
2. ***Transmittal.*** Sponsorships can be deposited as a gift into a foundation fund (**ledger 6** project) if the event is marketed clearly as a foundation event and the check is made payable to the foundation. If the event is not marketed clearly as a foundation activity, then the gift (and any related other income portion) would still be processed as a gift, but the proceeds must go into a University fund (**ledger 7** project).
3. ***Recognition.*** The donor's giving record will receive **legal credit** for the value of the gift. It is not always obvious who should receive **soft credit.** Therefore, the department must inform ADR via the gift transmittal form when such credit should be given. Recognition credit will also be given if the gift is made by a ***business entity***, provided the donor is the major owner or one of the major owners of the business. This relationship must be brought to the attention of ADR.
4. ***Receipt.*** ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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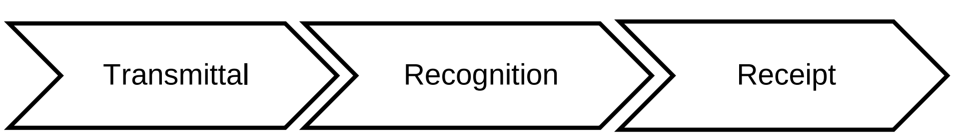
Auctions and raffles

North Carolina law limits the number of raffles a state agency or non-profit may conduct each calendar year. The Vice Chancellor for University Advancement should approve all raffles to ensure compliance. Purchase of a raffle ticket is not a **gift** under Internal Revenue Service (IRS) regulations and no gift credit or gift receipt will be issued. See the Foundations Accounting & Investments (**FAI**) website regarding taxation issues related to raffle winnings.

Items donated for sale at an **auction** are not considered for a related use (to the University's educational purpose) according to the IRS. Auction donors must be made aware in advance that the receipt will list the item donated, but no value for the item. At the auction, the fair market value must be indicated clearly in the information posted about the auction item. See the **charity auction guidelines** for more information.

Procedure to process auctions and raffles



1. ***Transmittal.*** For donations of items for auction or raffle, the description of the donated items should be submitted to Alumni & Donor Records (**ADR**) on the **BA-151** notification of gift transmittal form. For donations during an auction or raffle, a receipt may be issued only if the amount paid exceeded fair market value as known by the auctioneer and the donor. The fair market value must be sent with the **Other Income sheet** and the check/cash to FAI. If the amount paid exceeds known fair market value, ADR will record the gift in Advance.
2. ***Recognition.*** The donor's giving record will be **hard credited** for the fair market value or the appraised value of the item, provided the item does not represent a service or partial interest. Partial interest contributions, such as temporary right to use property, are contributions of less than the entire interest in that property and are not deductible as charitable contributions (see the **IRS Publication 526** section on partial interest in property). **Soft credit** is given automatically to the spouse/partner.
3. ***Receipt.*** Receipts for donated raffle and auction items will reflect the donated item, but no value or price for the item. Receipts to a purchaser of an auction item can only be issued if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Miscellaneous gifts

Other types of **gifts** that may require special receipts and review prior to accepting the gift include inventory, artistic property created by the donor or the donor's spouse or received as a lifetime gift from the artist, real property subject to depreciation recapture, and Section 306 stock.

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Gifts of tangible and intangible personal property

Gifts of tangible personal property include, but are not limited to, books, works of art, manuscripts or archival materials, automobiles, films, video tapes, boats or sporting equipment, computer equipment, furniture, animals, office equipment, machinery, and lab equipment. Gifts of intangible personal property include, but are not limited to, computer software, patents, and copyrights. The deduction allowable for these types of gifts depends on how long the donor has owned the property, whether the donor has created the property, and whether it is related to the charitable purpose of the University.

NC State or one of the **University Associated Entities** can accept a gift of personal property and Alumni & Donor Records (**ADR**) may issue a receipt if it is related or unrelated to the charitable purpose of the University or one of the University Associated Entities. Generally, a gift of personal property is made to the University and not to a University Associated Entity. Gifts of software and animals are considered generally to be gifts to the University and not to a University Associated Entity.

If the personal property and the associated costs of maintaining that property exceed $1,000 per year, the development officer must secure written ***approval*** from his or her dean or director or the Vice Chancellor for University Advancement before accepting the gift.

Whether the gift is related or unrelated to the charitable purpose of the University or one of the University Associated Entities can affect the allowable ***charitable deduction*** a donor may be permitted to claim under Internal Revenue Service (IRS) regulations. For example, gifts of artwork to the Gregg Museum of Art and Design are for a related use as would be lab equipment given to the Chemical Engineering Department. Items donated for an auction are not related to the University's educational mission. If the property is a work of art that was created by the donor or something the donor has held for less than 366 days, he or she should be advised to check with his or her own tax advisor on the potential deductibility of the gift before the gift is accepted. It is the responsibility of the donor to determine the value of a gift of personal property for his or her tax purposes. A University employee should never value personal property for a donor.

Gifts-in-kind of services include, but are not limited to, such activities as printing of materials, appraisals, and design work, for example. These services provide valuable support to the University or **University Associated Entities**. The contribution of services, no matter how valuable to NC State University, is not tax deductible according to the IRS. Therefore, no **legal credit** or **recognition credit** is recorded in Advance for such **gifts**.

Gifts of patents are highly technical in nature, and the development officer should first contact the Office of Gift Planning (**GPO**) for guidance. GPO works with the Office of Technology Transfer to determine how these gifts may be accepted by NC State. Patent donations are recorded at $1. Gifts made in support of the patent (toward the costs associated with holding the patent or additional research and development, for example) are hard credited at face value, and a receipt will be issued for the amount donated.

The ***date of gift*** for gifts of personal property will be either the date the property's ownership is assigned completely to the University via a deed of gift, even if physical possession will take place later, or an employee of the University or a representative of a University Associated Entity takes possession of the property.

Procedure to process gifts of personal property

1. ***Appraisal.*** The value of the gift is to be provided by the donor and should be documented with an appraisal, sales receipt, or other independent documentation. A qualified appraisal is the preferred documentation, and will be required by the Internal Revenue Service (IRS) if the donor intends to claim an income tax charitable deduction greater than $5,000. The appraisal would need to be completed no earlier than 60 days before the date of gift by a qualified appraiser in accordance with IRS guidelines. In those circumstances where the donor is unable or unwilling to supply documentation of valuation, the development officer may submit the best available documentation from a third party source, such as price lists, thrift value, or other evidence of fair market value. Under no circumstances shall the opinion of an employee of the University or University Associated Entity be used to establish valuation.

2. ***Transmittal.*** Gifts of personal property are reported on a **BA-151** form that must be filed with ADR along with the supporting documentation.

3. ***IRS forms*.** IRS Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to GPO. GPO will coordinate signatures from the appropriate Officer of the University.

4. ***Review.*** The Capital Asset Accounting (CAMS) Coordinator in the Controller's Office will review the BA-151 and supporting documentation for the asset gifted, and will determine what is recorded in the University accounting system as inventory so that it will be covered by University insurance.

5. ***Recognition.*** The donor's giving record will be **hard credited** with the estimated fair market value of the item. **Recognition credit** is given automatically to the spouse/partner. It is not always obvious who (other than spouse) should receive soft credit, such as a family foundation, a living trust, community foundation, or donor advised fund. Therefore, ADR must be informed via the gift transmittal form when such credit should be given. Recognition credit will also be given if the gift is made by a ***business entity***, provided the donor is the major owner or one of the major owners of the business. This relationship must be brought to the attention of ADR.

6. ***Receipt.*** The receipt issued to the donor for a gift of personal property will describe the property received but will not show a value for the property. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Gifts of real property

Gifts of real property include improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property, woodlands, and farms. Gifts of real property can be valuable assets for furthering the missions of NC State by enhancing the delivery of high quality teaching, research, and extension and engagement activities and programs. However, gifts of real property can create financial, legal, and logistical **obligations for the University**, particularly if the gift is provided with the expectation or condition that the University retains the gift for extended periods, for specific purposes, or in a specific condition.

Gifts of real property must be accompanied by an express understanding that the property may be sold by the University at the University's sole discretion at any time. If real property is being gifted via ***bequest*** (estate devise), it is imperative that the Office of Real Estate and the Office of Gift Planning (**GPO**) be notified immediately since real property (under North Carolina law) is deemed to pass as of the date-of-death of the decedent. The University or University Associated Entity may have a limited amount of time to disclaim the gift, should there be reasons to do so.

Any ***proposal*** for the acceptance of a gift of real property must be in writing and contain a description of the specific criteria that supports acceptance of the gift (see below). Proposals must also identify whether the gift will be held by the State of North Carolina, the University Endowment Fund of NC State University, or a **University Associated Entity**. The proposal must be approved by the applicable department head/program director and college dean/vice-chancellor and sent to the **University Real Estate Office**.

The University Real Estate Office shall ***evaluate*** the proposal according to the real estate acceptance review process (described at the end of this section) and make a recommendation to the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business. The Office of General Counsel is available for consultation on potential legal issues pertaining to the property. Upon approval of the Vice Chancellor for University Advancement and the Vice Chancellor for Business and Finance, the gift of real property may be accepted. Acceptance of any real property to be owned by the Endowment Fund of NC State University, the State of North Carolina, or a University Associated Entity requires subsequent approval by the appropriate entities.

Any gift of real estate must meet the ***criteria*** below by benefiting the University in at least one of the following ways: **real property to be sold**, **programmatic purpose**, or **other institutional purposes**. The Chancellor may make exceptions to the criteria set forth below.

- ***Real property to be sold.*** Gifts of real property may be accepted for immediate sale or short-term retention in anticipation of sale for purposes of providing funds to support other University objectives.

  Proposals to accept gifts of real property to be sold for proceeds to support other University objectives must include the following:

  - A plan for sale and immediate management of the property
  - The identification of a source of funds to cover expenses incurred while holding the property until it is sold
  - A description of the anticipated net proceeds to be realized from the sale and the proposed use of such proceeds

- ***Programmatic purpose.*** Gifts of real property that are advantageous programmatically must be accompanied by endowed funds, a revenue generating mechanism, or some other explicit financial plan to support the maintenance of the gift and the fulfillment of the programmatic purpose. Gifts of real property may be accepted to advance the programs of the University (teaching, research, and extension and engagement) as long-term sources of income to support programs or the location for specific programs.

  a) *Generation of income for programs.* Gifts of real property may be accepted that generate income to support programs financially (e.g., facility rental, contract farming, timber management). The University must also have a programmatic interest in the property to accept such income producing gifts (e.g., a working forest that can demonstrate leading-edge forest practices may also produce income to support those programs through planting, culture, and harvesting of trees; a site at which students serve internships required by their academic program in which public programs are held may also produce income to support those programs through admission prices or rental for special events).

  Proposals to accept gifts of real property that may generate income to support programs must include the following:

  - The intended use of the gift
  - The relation of the gift to a programmatic interest of the University
  - A logistical plan for managing the property
  - The expected annual net returns to the University over the expected retention period of the property
  - The identification of a source of funds to cover expenses incurred while holding the property until it generates income
  - Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold, or transferred to another owner

  b) *Location for specific programs.* Gifts of real property may be accepted if the property provides a direct enhancement for a particular program (e.g., land or facility for a research site, demonstration area, field teaching laboratory, or public 21 education site). In these cases, the specific gift must provide a unique opportunity or other advantage that could not be achieved by using resources owned by others (e.g., long term research and the ability to generate grants in support of existing research often depends on the ability to assure that land use will not change over time and that research will not be compromised by the disturbance of research areas that must be maintained as undisturbed sites; University ownership may better support this objective than a short term or long-term lease of land).

Proposals to accept gifts of real property that support programmatic goals must address the following:

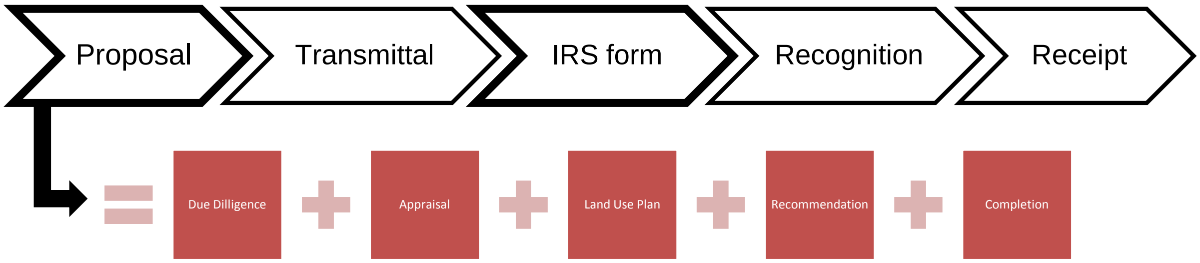
- The intended use of the gift
- The relation of the gift to a programmatic interest of the University
- A logistical plan for managing the property
- The expected annual net returns to the University over the expected retention period of the property
- The identification of a source of funds to cover expenses incurred while holding the property until it generates income
- Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold, or transferred to another owner
- The immediate and long term potential for the gift to support one or more specific programs
- The faculty/staff and programs that the gift would support
- The uniqueness or special value of the gift to support the identified programs
- A proposed financial, management, and maintenance plan for the property and the programs that will occur on it

- ***Other institutional purposes.*** Gifts of real property may be accepted if the gifts are determined to be valuable assets to the University for other appropriate purposes (e.g., serving as a potential site for a University facility, serving as a potential site for a cooperative venture with another state agency, being a part of a major grant submission, adding to the cultural richness of the University, permitting the retention of farmland or open space, or historical-site conservation).

  Proposals to accept gifts for other institutional purposes must include all of the following information, and be supported by a compelling rationale for acceptance of the gift:

  - The intended use of the gift
  - The relation of the gift to a programmatic interest of the University
  - A logistical plan for managing the property
  - The expected annual net returns to the University over the expected retention period of the property
  - The identification of a source of funds to cover expenses incurred while holding the property until it generates income
  - Specific criteria to be used over time to evaluate the proposed business plan to enable a judgment as to whether the property should be retained, used for another purpose, sold, or transferred to another owner
  - The immediate and long term potential for the gift to support one or more specific programs
  - The faculty/staff and programs that the gift would support
  - The uniqueness or special value of the gift to support the identified programs
  - A proposed financial, management, and maintenance plan for the property and the programs that will occur on it

Procedure to process completed gifts of real property



1. ***Proposal.*** The development officer working with the donor should contact the Office of Gift Planning (**GPO**) to begin a review of a potential gift of real property. The GPO will coordinate the required due diligence process through the **University Real Estate Office**.

   Certain information is needed to evaluate a proposed gift, including the current deed and property description; recent property tax bill; most recent survey and map of the property; information regarding known easements, restrictions, covenants, zoning information, right-of-way, and conservation easements; current or former uses of property; copy of any current leases, mortgages, liens, assessments, and homeowner association agreements; most recent appraisal, environmental study, or report; listing of any litigation, pending litigation, disputes, issues with neighboring developments; and any disclosures or known issues that might affect either the use or the sale of the property.

   The development officer can help the process by supplying the GPO with as much of this information as possible when initiating the proposal.

   a. ***Due Diligence.*** The University Real Estate Office must engage in a due diligence process to evaluate the potential liabilities and opportunities offered by each proposed gift of real estate to the University or a University Associated Entity. The requirements for a given property will be determined by the University Real Estate Office, and will typically include a site visit, a title search, and review for possible environmental hazards. Other assessments may be required as warranted by a specific property. The GPO will coordinate the due diligence process with the development officer and the donor.

   b. ***Appraisal*****.** In order to claim an income tax charitable deduction, the donor must have the real estate appraised by a "qualified appraiser", as defined by the Internal Revenue Service. Such an appraisal can be completed no earlier than 60 days before the date of the gift. As the appraisal is for the primary benefit of the donor, its cost is the responsibility of the donor. Typically, the University Real Estate Office requires a copy of the appraisal prior to completing its due diligence in order to assess the marketability of a proposed gift.

   c. ***Land Use Plan*****.** The development officer must advise the University Real Estate Office which acceptance rationale listed above—**real property to be sold**, **programmatic purpose**, **other institutional purpose**—that the proposed gift meets, and must provide an explanation of how the issues identified above under the appropriate rationale will be addressed.

   d. ***Recommendation*****.** Upon satisfactory completion of its due diligence process and receipt of a land use plan, the University Real Estate Office will issue a recommendation to accept the gift. This recommendation must be accepted by both the Vice Chancellor of University Advancement and the Vice Chancellor of Finance and Administration. The University Real Estate Office will forward the recommendation to the GPO to coordinate the acceptance of both Vice Chancellors and, of any other entity that may be required.

e. ***Completion***. Once the recommendation has been accepted, the GPO will coordinate the completion of the gift with the development officer and the donor. A real estate gift is typically complete when a deed transferring the property is delivered to the University or the University Associated Entity. The GPO will also work with the development officer and the donor to ensure that the deed is recorded in the appropriate court records.

Expenses incurred during the proposal process

Expenses incurred during the proposal process for the primary protection of the donor—including the appraisal and deed—are the responsibility of the donor. Expenses incurred for the primary protection of the entity receiving the gift—including environmental review, title search, and home inspections—are the responsibility of the entity. Donors are always encouraged to make gifts to defray the entity’s costs. Any such commitment by the donor should be documented in writing.

2. ***Transmittal.*** Alumni & Donor Records (**ADR**) will process the gift via a **BA-151** form prepared by the GPO after the deed to the University or a University Associated Entity is received. The BA-151 is sent to ADR with a copy of the deed and the qualified appraisal of the property. Copies are sent to Foundations Accounting & Investments (**FAI**) and the development office working with the donor. ADR will record the gift in Advance.
3. ***IRS form.*** Internal Revenue Service (IRS) Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser’s original signature, plus a copy of the appraisal or other substantiating documentation to GPO. GPO will coordinate signatures from the appropriate Officer of the University.
4. ***Recognition.*** The donor’s giving record will be **hard credited** with the appraised value of the real property. **Recognition credit** is given automatically to the spouse/partner.
5. ***Receipt.*** The receipt issued will show a description of the property only. ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Deferred gifts

Life income gifts

Life income gifts, also known as "split interest gifts," refer to various types of Charitable Remainder Trusts (CRT) and Charitable Gift Annuities (CGA).The gift is split between two beneficiaries: (1) the "income stream," or non-charitable portion, provides payments to the donor and/or loved one for his or her lifetime, or for a term or years; and (2) the "remainder interest," or charitable portion, which is the trust portfolio that remains after the trust is terminated. The Office of Gift Planning (**GPO**) should be consulted whenever a life income gift is considered as a possible gifting option.

Once terminated, the remainder interest is transferred to the University or a **University Associated Entity**, per the CRT or CGA agreement, in the manner specified by the donor. These gifts include charitable remainder trusts (e.g., annuity trusts, unitrusts, FLIP unitrusts, etc.) and charitable gift annuities (immediate and deferred).

Following are recommendations and requirements for CRTs and CGAs:

Charitable remainder trusts:

- Minimum gift – $50,000
- Payout rate – 5% to 7% (Appropriate rate will vary with age/term of trust/initial funding level.)
- Minimum age of income beneficiaries – 50, unless the trust is for a term of years
- Funding – cash, stock, real estate, appreciated assets
- Remainder Beneficiary – may include other charities, as long as the University or a University Associated Entity collectively receive no less than 50% of the remainder
- Trustee – For portfolios comprised only of stock or cash, the University or a University Associated Entity is preferred as the Trustee. For CRTs funded with real estate, the donor may wish to serve as Trustee, and name the University or a University Associated Entity as Successor Trustee in the Trust Agreement.

Charitable gift annuities:

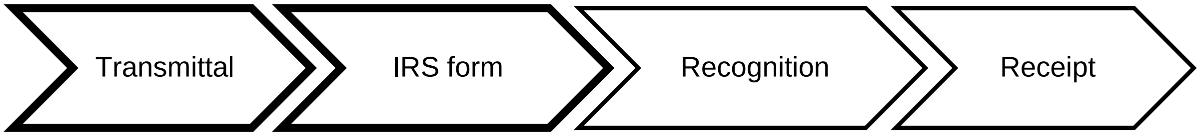
- Minimum gift – $10,000
- Payout rate – Rate suggested by American Council on Gift Annuities (not to exceed 9.1%)
- Minimum age of income beneficiaries:
  - 50 for immediate annuity
  - 40 for a deferred annuity, provided deferral period is to at least age 55

Exceptions to these requirements must be approved by both the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Administration.

While life income gifts offer benefits to both the donor and the University, they also can present risks. To manage these risks, all life income gifts should be coordinated with the GPO. For gifts that will be managed by a University Associated Entity, and for gifts involving any real estate transfer, the GPO will coordinate the preparation of the applicable agreements and the transfer of assets. Costs associated with the formation of a CRT, such as legal fees to draft the trust agreement, appraisal fees, etc., are the responsibility of the donor and/or the entity that will benefit ultimately from the gift.

All life income gift agreements that name the University or University Associated Entity as a party to the CGA Agreement or Initial Trustee of a CRT, must be signed by the donor, the president or designated officer of the University Associated Entity (or the Chair of the Board of Trustees for the Endowment Fund of NC State University), and the entity's Treasurer. If the University or University Associated Entity is named as a Successor Trustee of a CRT, the donor and initial Trustee must sign; it is recommended that the president or designated officer of the University Associated Entity (or the Chair of the Board of Trustees for the Endowment Fund of NC State University), and the entity's Treasurer also sign to acknowledge the gift.

Procedure for processing life income gifts



1. ***Transmittal.*** The GPO is responsible for preparing the Deferred Gift Transmittal form for all life income gifts. The GPO will also prepare all supporting documents needed by the donor to claim his or her charitable income tax deduction and transmit those materials to the donor with the required disclosure statements. Additionally, the GPO will provide to the appropriate development officer, Foundations Accounting & Investments (**FAI**), and Alumni & Donor Records (**ADR**) copies of all relevant documents pertaining to the gift. ADR will record the gift in Advance.

2. ***IRS form.*** Internal Revenue Service (IRS) Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to the GPO. GPO will coordinate signatures from the appropriate Officer of the University.

3. ***Recognition.*** The donor's giving record will be **hard credited** with the net present value of the remainder interest based on the date of the gift, per the calculation required by the IRS. The donor is **soft credited** with the fair market value of the gift per appraisal, stock valuation per IRS guidelines, etc., as is the giving record of the surviving spouse/partner. Please contact the GPO with any questions regarding life income gifts.

4. ***Receipt.*** ADR will receipt the gift on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing. Receipts for deferred gifts reflect donation of the gift, but not the gift's value.

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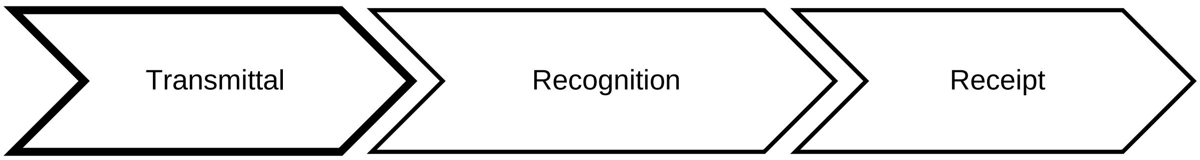
Revocable gifts

Revocable gifts are legal arrangements in which a donor makes a provision in an estate plan or other estate document that may be changed during a donor's lifetime, including but not limited to, bequests from a Will or Revocable Trust, and beneficiary designations from a retirement plan, life insurance policy, or annuity. A revocable gift will benefit the University or a **University Associated Entity** at some future time—typically at the end of the donor's life. The donor has the legal right to change a revocable gift before the gift is received. The Office of Gift Planning (**GPO**) should be consulted whenever a revocable gift is considered as a possible gifting option.

In order for a revocable gift to be recorded, a donor must document (a) his or her intent to complete the gift, (b) a general description of the gift provision, (c) the current estimated value of the gift, and (d) any designation of the gift's use. The preferred method of documentation is a Statement of Intent and a copy of the actual gift provision, such as a photocopy of the Will bequest language, beneficiary designation form, etc. Other forms of documentation received from the donor may be acceptable. Clear documentation is beneficial in ensuring the donor's wishes are fulfilled and that the University or a University Associated Entity may benefit from a more streamlined process after the donor has passed away. It is important to note that many life insurance and retirement account providers will not contact a beneficiary upon a donor's death; their internal policies consider it the responsibility of the beneficiary.

Contingent gifts indicate that a gift will be transferred to the beneficiary (the University or a University Associated Entity) only after the death of the donor plus another specified person (typically a spouse). A contingent gift may be recorded at the estimated value only if the donor and the other specified person document that both parties have included the exact same gift provision in his or her estate plans. When this occurs, a gift is assured regardless of the order of death. Otherwise, a contingent gift will be recorded at $1.00. (Exceptions may be made with the approval of the Vice Chancellor for University Advancement when the documented terms of the gift demonstrate a reasonable likelihood that a gift will be received.)

Procedure for processing revocable gifts



1. ***Transmittal.*** Documentation for all revocable gifts should be transmitted to the GPO. The GPO will be responsible for preparing the **Gift/Pledge Transmittal form** and submitting it to Alumni & Donor Records (**ADR**). ADR will record the gift in Advance.
2. ***Recognition.*** The donor's giving record will be **hard credited** with the documented estimated value of the gift. **Soft credit** is given automatically to the spouse/partner.
3. ***Receipt.*** Receipts are not issued for revocable gifts.

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Charitable lead trusts

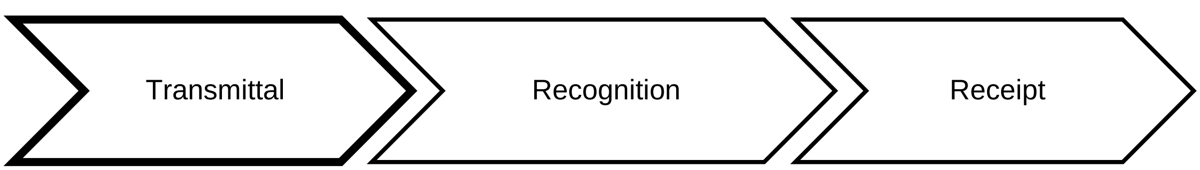
A charitable lead trust (CLT) is the opposite of a charitable remainder trust. In a lead trust, payments are first made to a charity, such as the University or a **University Associated Entity**. At the end of the trust term, the remainder reverts to one or more individuals (typically heirs).

Distributions from a lead trust are processed like cash distributions from other private foundations. However, if the trust provides an irrevocable, dedicated income stream to the University or a University Associated Entity, then a greater amount can be recorded in Advance, as described below.

Because of the potential conflicts of interest, neither the University nor a University Associated Entity will serve as trustee of a charitable lead trust.

The Office of Gift Planning (**GPO**) should be consulted whenever a charitable lead trust is considered as a possible gifting option.

Procedure for processing a charitable lead trust



1. ***Transmittal.*** The GPO will process the gift of a CLT, which includes the preparation of the Deferred Gift Transmittal form and the submission of all required documentation to Alumni & Donor Records (**ADR**) for recording in Advance. If the lead trust provides an irrevocable stream of distributions to the University or a University Associated Entity, the future anticipated distributions can be recorded in Advance. Five years of distributions can be recorded as a current pledge. When a CLT is first recorded in Advance, the present value of the future income stream to the University or University Associated Entity may be recorded as a revocable gift. No pledge reminders will be generated for any pledge recorded under this procedure. Please contact the GPO with questions regarding CLT gifts.

2. ***Recognition.*** The donor's giving record will be **hard credited** with any distributions received or anticipated under the above guidelines. **Soft credit** is given automatically to the spouse/partner.

3. ***Receipt.*** ADR will receipt distributions received on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Insurance gifts

There are numerous ways in which a donor can use an insurance policy to make a gift. Because a gift of life insurance has many variables, the Office of Gift Planning (**GPO**) should be consulted whenever a life insurance gift is being considered.

- ***Donor Retains Ownership of the Policy, University is named Beneficiary.*** If the donor retains ownership of the policy, a commitment to name the University or a **University Associated Entity** can be recorded by following the procedures for a Revocable Gift. Future payment of premiums does not qualify as a gift to the University.

- ***Gift of Policy to University, University becomes Owner and Beneficiary.*** A donor may wish to transfer ownership of a policy in order to take advantage of available income tax benefits. The gift may qualify for a current income tax charitable deduction, based on the interpolated cash reserve on the date of the gift, as documented by Form 712, which is prepared by the policy's issuer. The gift will be recorded as a hard credit for the interpolated cash reserve and a soft credit for the face value of the policy. To qualify for future income tax charitable deductions, the donor should direct payment of future premiums as a current cash gift to the University or University Associated Entity. Payment of each future premium will be recorded as a current cash gift. The University will pay premiums to the insurer directly.

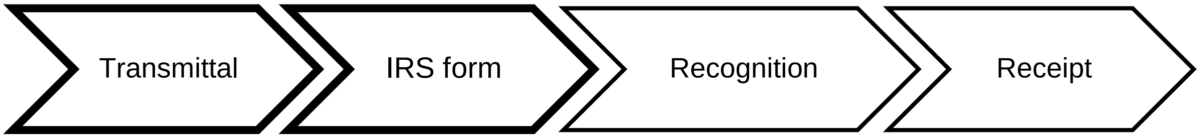
- ***Purchase of New Policy in the name of the University, University becomes Owner and Beneficiary.*** Other donors may wish to establish a new policy. The policy should be purchased in the name of the University, payment of the initial required premium should be a current cash gift to the University, and the University will provide payment to the insurer to purchase the policy. Typically, a check must be attached to the policy's application. The gift will be recorded as a hard credit for the cash payment for the initial premium and a soft credit for the face value of the policy. Payment of each future premium will be recorded as a current cash gift. The University will pay premiums to the insurer directly.

Any gift involving a gift of life insurance should be referred to GPO. GPO will evaluate the policy and discuss its suitability as a gift with the development officer and/or the donor. Not all policies are designed to accomplish the donor's or the University's objectives. Term policies will not be accepted.

The GPO will then work with the donor, the appropriate officers at the University or University Affiliated Entity, and the insurance company to complete the transfer.

If premiums remain to be paid, the donor will make gifts at least equal to the amount of such future premiums. Such gifts will typically be either cash or publicly traded securities and will be processed in the same manner as described above for such assets.

Procedure for processing insurance gifts



1. ***Transmittal.*** Documentation for all insurance gifts should be forwarded to the GPO for processing, which will prepare the Deferred Gift Transmittal form and forward it to Alumni & Donor Records (**ADR**) for recording in Advance. For policies involving the transfer of ownership, it will include documentation that ownership has been transferred and of the value of the policy at the time of transfer (typically provided on IRS Form 712). For gifts of insurance premiums, such gifts shall be processed using the procedures for the asset funding the premium gift (cash or publicly traded securities). For gifts that involve no change in ownership, they will be processed as Revocable Gifts.
2. ***IRS form.*** Internal Revenue (IRS) Form 8283 may be required for the donor to substantiate a charitable deduction for any non-cash gift on his or her personal income tax return. The preparation of Form 8283 is the responsibility of the donor or his or her tax advisor. Please forward the completed Form 8283 (both pages), bearing the appraiser's original signature, plus a copy of the appraisal or other substantiating documentation to the GPO. GPO will coordinate signatures from the appropriate Officer of the University.
3. ***Recognition.*** The donor's giving record will be **hard credited** with the value of the policy per Form 712, typically the interpolated cash reserve as of the date of the gift (e.g., when transfer of ownership has occurred). In addition, the donor will be given hard credit for the value of any premium gifts made directly to the University, as of the date they are received. The policy face value will also be recorded as a revocable gift. This will be done, even when ownership is transferred, in order to ensure that Advance reflects the full scope of the donor's insurance gift. **Soft credit** is given automatically to the spouse/partner.
4. ***Receipt.*** ADR will receipt distributions received on the date the gift transmittal form is processed by ADR. Normally, receipts will be mailed to donors within two business days after processing.

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Gift + other income (quid pro quo)

Quid pro quo **gifts** occur when the donor is provided something in exchange for the gift, such as tickets for a dinner, concert, or other event. The development officer is responsible for providing Alumni & Donor Records (**ADR**) with the fair market value associated with attending the event that serves as the miscellaneous gift. It is the responsibility of the office sponsoring the event to retain the records proving the value of the ticket, dinner, or other tangible benefit for Internal Revenue Services (IRS) purposes. Failure to keep the information could result in fines and potential loss of tax-exempt status.

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Supplemental information and exceptions

Gifts that warrant further review and approval by the Vice Chancellor of Advancement

- **Gifts** of personal property if they are not to be used by the University
- All gifts of real or personal property subject to donor restrictions regarding the disposal of such property
- Any bargain sale of property where a gift element is associated with the acquisition of property by the University or **University Associated Entity** below its fair market value
- Cash gifts with significant donor restrictions
- All gifts of unusual items or gifts of questionable value
- All gifts that require additional expenditures by the University or a University Associated Entity

Development officers should contact the **Office of Gift Planning** (GPO) or **Advancement Services** for assistance with gifts in this category; all of these gifts will require prior approval by the Vice Chancellors for University Advancement and Finance and Business.

Refunding of gifts

Very rarely, the University or a **University Associated Entity** may feel it necessary to refund a **gift**, either because it is in the best interest of the University or University Associated Entity to do so or because conditions agreed to in accepting the gift cannot or will not be met. A request for the refund must be sent to the Vice Chancellor for University Advancement for approval prior to making a commitment to the donor. If approved, the request must be sent to Alumni & Donor Records (**ADR**) by the University or University Associated Entity as a gift reversal. ADR will forward the request to Foundations Accounting & Investments (**FAI**) and will adjust the donor's giving record for the refund. If the donor has filed a tax return claiming a charitable deduction for the gift, the donor will need to contact his or her tax advisor to determine if the donor needs to amend his or her tax return.

Discounts on materials and services

Corporations and/or individuals may offer significant discounts on materials and/or services to the University or one of the **University Associated Entities**. The entity receiving the discount on materials or services may, at its discretion, send a letter of acknowledgement to the donor. No official receipt will be issued, as this is not considered a gift under Internal Revenue Services (IRS) guidelines. The donor's giving record will not be credited. The only exception permitted would be for those donations qualifying as bargain sales as described in **IRS Publication 526**.

Gifts from University faculty and staff

Gifts from faculty and staff of NC State must meet the following three criteria in order to be deductible for tax purposes:

1. Charitable intent should be the primary reason for making the contribution
2. The contribution must be credited to a fund not under sole control of or does not financially benefit the donating faculty or staff member personally
3. The faculty or staff donor should not receive or expect to receive future remuneration from the fund to which his or her gift was credited

Examples of deductible gifts include:

- Signing an honorarium check over to the department, at which point that faculty member does not have control over the receiving fund (this is taxable income to the faculty member as well)
- Making a stock donation to fund a life income gift to ultimately benefit a University-wide scholarship endowment
- Donating equipment or materials for use by the department

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Definitions

Gift – A gift is personal property (cash, securities, books, equipment, etc.) and real property provided by a donor without expectation of tangible economic (except tax) benefit. The transfer of the gift to the University or a University Associated Entity implies no responsibility to provide the donor a product, service, technical or scientific report, or intellectual property rights. Providing the donor with the names of recipients of scholarships, awards, etc. or providing a report of how the funds were expended, do not necessarily prevent the contribution from being considered a gift. The donor may specify the general use of the fund or it may be an unrestricted gift for use in meeting needs identified by the University, college, or related support organization. For scholarship gifts, the donor may not participate in the selection of the recipient but may designate specific criteria for the selection of recipients.

Grant – A grant, unlike a gift, is normally a written agreement to carry out a specified project that may entail a tangible product, usually a proprietary report. A grant that requires performance on the part of the University must be processed through established University procedures. A grant from a nongovernmental source that does not require proprietary reporting and has no provisions for intellectual property and/or publication rights may, in the name of the University, be counted as a campaign contribution. Government funds will be excluded, with the exception of Tobacco Trust Fund and Nickels for Know How North Carolina State government pass-through payments.

Ledger numbers – In the University's financial system, the Project ID code is used to account for the various funds. The first number in the Project ID is referred to as the ledger number. This number is used to identify specific University funding groups. Ledger 5 refers to contracts and grant activities. Ledger 6 identifies foundation spending, foundation operating funds, and foundation endowment activities. Ledger 7 refers to University restricted gift and endowment activities.

Legal (hard) credit – The donor's giving record is credited with the actual amount that is deposited into the account for gifts of cash and securities according to the gift transmittal form filed on the gift. For irrevocable planned gifts such as charitable remainder trusts, charitable gift annuities, and retained life estates, the donor's giving record is legal credited with the charitable deduction allowed by the Internal Revenue Service (IRS) and reflected on the gift transmittal form. For gifts of real estate, life insurance, and other gifts of property, the donor's giving record is given proper credit with the allowable charitable deduction.

Recognition (soft) credit – The donor's giving record is soft credited when his or her direct actions result in a gift, but he or she is not entitled to a charitable deduction for the gift. Examples include soft crediting an individual for a gift from a charitable gift fund or a community foundation, or a gift that is made by his or her spouse/partner or his or her company if he or she is the principal owner, and any employer matching funds that NC State receives because of the individual's gift.

University Associated Entities – Any of the non-profit organizations that support the University and which have been approved in accordance with UNC-GA Regulation 600.2.5.2[R], "**Required Elements of University-Associated Entity Relationship**".

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