

## Standard Operating Procedures for Acceptance of Gifts

Authority:	Vice Chancellor for University Advancement
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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
Contact for Info:	Associate Vice Chancellor for Advancement Services (919) 513-2954

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### 1. Introduction

- 1.1 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, and to provide donors with the appropriate receipt for income tax filing purposes. This document sets forth the University's procedures for acceptance of gifts received by the University and University Associated Entities. All employees of NC State and its associated entities must adhere to the following procedures pertaining to the proper processing of private donations. Failure to do so may subject the employee to disciplinary action, up to and including dismissal, and/or personal liability.
- 1.2 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. 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.
- 1.3 This document does not apply to sponsored contracts, grants and cooperative agreements for research purposes.
- 1.4 The responsibility for accepting gifts in the manner set forth in the Standard Operating Procedures for Gift Acceptance rests with each Development Officer. Appropriate documentation should be retained in each development office and a copy provided to Alumni & Donor Records at the time gifts are processed. Alumni & Donor Records will be responsible for reviewing and monitoring all gifts for appropriateness to ensure that the Standard Operating Procedures and any applicable P.R.R. have been followed.
- 1.5 In concert with the acceptance of any gift to NC State and its associated entities, an assessment on certain gifts may be applied, as directed by the Chancellor.

## 2. Definitions

- 2.1 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 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 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 selection of recipients.
- 2.2 A grant, unlike a gift, is normally a written agreement to carry out a specified project and may entail a tangible product, usually a technical report. A grant that requires performance on the part of the University must be processed through established University procedures. A grant proposal that requires no performance on the part of the University, no technical report, and has no provisions for intellectual property and/or publication rights, may be in the name of the University or a University Associated Entity and would be treated as a contribution. If an award is made with stipulations on technical reporting, intellectual property or other performance requirements in response to a grant proposal, then the project will be administered by the Office of Sponsored Programs and deposited with the University. Any exceptions must be approved by the Vice Chancellor of Finance and Business.
- 2.3 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".
- 2.4 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 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 hard credited with the charitable deduction allowed by the Internal Revenue Service and reflected on the gift transmittal. 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.
- 2.5 Soft credit: the donor's giving record is soft credited when their direct actions result in a gift, but they are not entitled to a charitable deduction for the gift. Examples would include soft crediting an individual for a gift from a charitable gift fund or a community foundation, or a gift that is made by their spouse/partner or their company if they are the principal owner, and any matching funds that NC State receives because of the individual's gift.

### **3. Gift acceptance**

3.1 The University will assess the financial desirability of receiving assets as gifts from potential donors and determine whether or not to accept a gift as offered. 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.

### **4. Types of Outright Gifts**

#### 4.1 Cash gifts:

4.1.1 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 and a receipt is issued for the value of the gift.

4.1.2 Cash may be delivered in person, by mail, by facsimile, by Electronic Funds Transfer (EFT), or by wire transfer. The date of gift for cash gifts will depend on the type of delivery made.

4.1.2.1 Cash gifts are complete on the date the cash is physically handed to a representative of the University or a University Associated Entity and will be receipted on the date the cash is received and processed by Alumni and Donor Records (ADR) in the Office of Advancement Services.

4.1.2.2 When cash is received by mail, the date of gift usually is the date the envelope is postmarked. The ADR will receipt the gift on the date the gift transmittal is received from the appropriate development office and the gift is processed in ADR.

4.1.2.3 When gifts are transferred by EFT or wire, the date of gift is the day that the funds are deposited into the University's or the University Associated Entity's bank account. The ADR will receipt the gift on date the gift is processed in ADR.

4.1.2.4 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 unless there is written documentation from the donor indicating that the intent is for the gift to benefit the associated entity.

4.1.2.5 Credit card gifts are recorded on the date that the credit card charges are processed by ADR. The name on the credit card must match the name of the person making the gift.

- 4.1.3 Gifts of foreign currency will be valued at the US dollar equivalent on the date the gift is received. Foundations Accounting and Investments (FAI) is responsible for currency conversion transactions, and for informing either the development office preparing the gift transmittal or ADR of the US dollar amount of the gift. The transaction fees resulting from converting foreign currency to US dollars will be charged against the gross proceeds of the gift.
- 4.1.4 University payroll deduction can be set up through ADR. 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.
- 4.1.5 Procedure to process cash gifts:
  - 4.1.5.1 All gifts to any University Associated Entity, with the exception of Textiles and Wolfpack Club) are processed through ADR. Gifts to the University are deposited by departments receiving them through the Cashier's Office, with documentation forwarded to ADR for recording in the advancement database. The development office receiving the gift is responsible for preparing the gift transmittal form ([Attachment 1](#)) and sending it with the gift to the ADR within 24 hours of receipt along with either the original or copies of all backup supporting the gift. In order for gifts to be processed 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 checks will be deposited to a University account. In order for a check not made payable directly to a foundation to be deposited to a foundation account it must be accompanied by additional supporting documentation from the donor clearly indicating the 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 properly recorded pledge to that entity.
  - 4.1.5.2 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 receiving the gift must prepare the gift transmittal and send it to ADR along with written confirmation from FAI.
  - 4.1.5.3 The donor's giving record will receive hard credit for the value of the gift.
- 4.1.6 Recognition (soft) credit:
  - 4.1.6.1 Recognition credit is automatically given to the spouse/partner on all types of gifts.
  - 4.1.6.2 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. The Associate Vice Chancellor of Development shall approve exceptions to this provision.
  - 4.1.6.3 Recognition credit can also be given when the gift is made by a family foundation, a living trust, community foundation, donor advised fund, or a matching gift. Attribution

is not always obvious; therefore ADR must be informed on the gift transmittal when such credit should be given.

#### 4.2 Publicly traded securities, mutual funds, and dividend reinvestment accounts:

4.2.1 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.

4.2.2 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.

4.2.2.1 A receipt will be issued to the donor reflecting the internal value of the shares on the date of gift, as well as a description of the securities received. The donor's giving record will receive hard 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 where the gift is deposited and posted to the accounting system by FAI.

4.2.3 The internal valuation date of gift on a securities transaction depends on the type of delivery used.

4.2.3.1 If the security is personally delivered to a representative of the University or a University Associated Entity, the gift date is the day the stock certificate is physically delivered to the University representative.

4.2.3.2 If the securities and the required stock power and letter of instructions are mailed, the gift date is the postmark on the envelope.

4.2.3.3 When the securities are delivered via any other non-electronic third-party delivery system exclusive of the US Postal Service, the gift date will be the day the security is received by the University or the University Associated Entity.

4.2.3.4 When securities are electronically transferred (DTC system) from the donor's brokerage account to the brokerage account for the University or a University Associated Entity, the gift date is the date the securities are credited to the University or University Associated Entity's account.

4.2.3.5 When the donor has shares re-issued by the transfer agent in the name of North Carolina State University or one of the University Associated Entities, the date of gift is the date the certificate is reissued, not the date the new certificate is received.

4.2.3.6 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 their dividends reinvested in order to purchase additional shares. This type of account usually holds fractional as well as full shares.

- 4.2.3.6.1 The date of gift on DRIP accounts will be determined in the same manner as for publicly traded securities.
- 4.2.4 Gifts of mutual fund shares are also acceptable; however, transfers of this type take longer to complete. Many mutual funds are not DTC transferable and each company sets its own requirements regarding transferring these shares to a charitable organization.
  - 4.2.4.1 The date of gift on mutual fund shares will be determined in the same manner as for publicly traded securities.
- 4.2.5 Procedure to process gifts of securities:
  - 4.2.5.1 The Office of Gift Planning (GPO) is responsible for the processing of gifts of securities to benefit NC State or the University Associated Entity, except for the Textile Foundation and the Student Aid Association (Wolfpack Club). The development officer or his or her staff should immediately inform the GPO as soon as it is known that a stock transfer is going to be made.
    - 4.2.5.1.1 Required information includes the name of the donor, the number of shares, name of the security being transferred, the account name and number to which the proceeds should be deposited.
    - 4.2.5.1.2 GPO, in consultation with FAI will provide electronic transfer instructions to donors or their advisors for the University or any of the University Associated Entities as well as to development officers and their staffs.
    - 4.2.5.1.3 If paper certificates will be used, GPO will assist the donor in the preparation of the required stock power and the transmittal letter ([Attachment 2](#)). These documents require the donor(s) to have their signature guaranteed at a commercial bank or a brokerage account before they are returned to GPO to complete the gift transaction.
  - 4.2.5.2 GPO prepares all security transmittal documents ([Attachment 3](#)) and is responsible for sending the donor both the official receipt and an IRS form 8283 ([Attachment 4](#)).
    - 4.2.5.2.1 GPO informs the appropriate University entity that a security gift is being made and sends copies of all paperwork to the appropriate development office.
    - 4.2.5.2.2 GPO also informs FAI of all security gifts so that the funds can be properly credited when received from the broker.
    - 4.2.5.2.3 A copy of the completed security transmittal is sent to ADR so that a receipt for the gift can be prepared.

4.2.5.3 The donor's giving record will receive hard credit for the value of the securities. The official receipt will reflect the average of the high/low sales price of the securities on the gift date.

4.2.5.4 When securities are used to make a payment against a pledge, the pledge balance will be reduced by the amount of the hard credit.

#### 4.3 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 on them. 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.

##### 4.3.1 Procedure to process gifts of closely-held securities:

4.3.1.1 If a donor wishes to make a gift of closely-held securities, the development office working with the donor should contact the GPO for assistance.

4.3.1.2 Before a gift of closely-held stock can be accepted, the GPO will request approval to accept the gift from the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business using the gift of securities transmittal form. Information required includes the potential use for the gift, the number of shares, estimated value, the potential to liquidate the shares, and if there are any restrictions as to when the stock can be traded or to whom it may be traded, and the identity of any potential purchaser of the shares.

4.3.1.3 The date of gift will be determined based on the type of delivery that is made - see gifts of publicly traded securities above.

4.3.1.4 This gift is considered a gift of property and the correct transmittal form is the gift of securities transmittal form. The receipt will indicate the number of shares, the name of the company, and the gift date. No gift value will be listed.

4.3.1.5 It is the donor's responsibility to have the gift appraised for appropriate gift value. GPO will prepare the required IRS form 8283 for the donor and transmit the receipt and the signed 8283 to the donor and provide copies to the development officer involved.

4.3.1.6 Either the University Treasurer (for gifts to foundations FAI manages) or the University Controller (for University gifts) will prepare the required IRS form 8282 ([Attachment 5](#)) and forward the donor's copy to GPO for transmittal to the donor if the shares are liquidated within the time required by the Internal Revenue Service in relation to the gift date.

4.3.1.7 The donor's University giving record will receive hard credit for the appraised value of the shares. No adjustments to the giving record are made once the shares are sold.

#### 4.4 Employer-sponsored Matching gifts:

- 4.4.1 A matching gift may be received from a company or a company funded foundation, matching a gift given to the University or a University Associated Entity (including gifts to the Wolfpack Club – for whom ADR will process matching gift applications) by an employee, retired employee, or a director of the company, foundation, or other organization.
- 4.4.2 Matching gifts must be credited to the same account(s) as the original gift unless restricted by the matching company, except for certain gifts to Wolfpack Club that are not allowed by the matching company. These gifts will be matched to a fund for the general use of the university.
- 4.4.3 The donor's giving record is soft credited for the value of the matching gift when received.
- 4.4.4 When the 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.
- 4.4.5 Potential matching gifts cannot be entered as a part of a pledge the donor makes for future support since those are not funds the donor has control of or is irrevocably entitled to receive.
- 4.4.6 Procedure to process matching gifts:
  - 4.4.6.1 The development office sends the matching gift form along with the original gift transmittal to ADR for processing. The matching gift information is provided on the original gift transmittal. Some companies, however, allow their employees to apply for matching gifts on-line.
  - 4.4.6.2 The Matching Gift Manager is solely responsible for processing all matching gift claims.
  - 4.4.6.3 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 GPO will work with the Matching Gift Manager to insure the gift is properly deposited 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.

#### 4.5 Donor Advised Funds and Community Foundations:

- 4.5.1 Donor Advised Funds and Community Foundations ("DAF/CF") are recognized as stand-alone 501(c)(3) tax-exempt charitable organizations. When a donor makes a donation to one of these entities they receive their income tax deduction for doing so from the DAF/CF.

4.5.2 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/CF. No receipt will be issued to the original donor, but 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.

#### 4.6 Procedure to process Gifts of Tangible and Intangible Personal Property:

4.6.1 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, easements, and copyrights. The deduction allowable for these types of gifts depends on how long the donor has owned the property and if it is related to the charitable purpose of the University.

4.6.2 NC State or one of the University Associated Entities can accept a gift of personal property and ADR may issue a receipt whether it is related or unrelated to the charitable purpose of the University or one of the University Associated Entities. 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 IRS regulations. For example, gifts of artwork to the Gallery of Arts and Design are for a related use as would be lab equipment given to Chemical Engineering. Items donated for an auction are not related to the university's educational mission.

4.6.3 The receipt issued to the donor for a gift of personal property will not show a value for the property. The receipt will describe the property received and the donor's giving record will be hard credited with the estimated fair market value of the item. It is the responsibility of the donor to determine the value of a gift of personal property for their tax purposes.

4.6.4 A University employee shall never value personal property for a donor.

4.6.5 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 their own tax advisor on the potential deductibility of the gift before the gift is accepted.

4.6.6 Generally, a gift of personal property is made to the University and not to a University Associated Entity. The University maintains insurance on personal property and the University Associated Entities do not. As such, capital gifts of tangible personal property (valued at \$5,000+), or intangible personal property (valued at \$100,000+) generally are included in the Capital Assets Management System (CAMS) inventory. Advancement Services is responsible for notifying the appropriate offices for those gifts, including forwarding a copy of the BA-151 ([Attachment 6](#) – see the Addendum for BA-151 completion instructions) and supporting documentation to the CAMS unit.

- Gifts of software and animals generally are not covered by insurance, but are still considered to be gifts to the University and not to a University Associated Entity.
- 4.6.7 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/her dean or director or the Vice Chancellor for University Advancement before accepting the gift.
  - 4.6.8 Gifts of patents are highly technical in nature and the development officer should first contact the Office of University Development for guidance. University Development works with the Office of Technology Transfer on how these gifts can be accepted by NC State. Patent donations are recorded at \$1.
  - 4.6.9 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.
    - 4.6.9.1 The date of gift for gifts of personal property will be either the date the property's ownership is completely assigned to the University via a deed of gift, even if physical possession will take place at a later date, or an employee of the University or a representative of a University Associated Entity takes possession of the property.
  - 4.6.10 Procedure to process gifts of personal property
    - 4.6.10.1 Gifts of personal property are reported on a BA-151 that must be filed with ADR along with the supporting documentation.
    - 4.6.10.2 The value of the gift must be provided by the donor and should be documented with an appraisal, sales receipt, or other independent documentation for all gifts where the value is \$5,000 or less. For all gifts of personal property in excess of \$5,000 an appraisal of the property may be required under IRS rules if the donor intends to take a tax deduction for the gift.
      - 4.6.10.2.1 The appraisal can be done as of no sooner than 60 days prior to the gift or can be done anytime after the gift is completed up until the time the tax return for the donor is submitted.
      - 4.6.10.2.2 A valid appraisal must be done by a qualified appraiser according to the IRS guidelines. The cost of the appraisal is the responsibility of the donor.
    - 4.6.10.3 The gift receipt issued will contain a description of the property with no indication of value.
  - 4.6.11 The GPO will assist development staff members in the preparation of the IRS form 8283 and, if the gift exceeds \$5,000 in value, the GPO will secure the signature of the University Treasurer on the form before returning it to the development officer for transmittal to the donor.

- 4.6.12 Gifts of this nature that are disposed of within the time required by the IRS in relation to the gift date must be reported to the IRS on form 8282. Either the University Treasurer (for gifts to foundations FAI manages) or the University Controller (for University gifts) will prepare the -8282 to be sent to the IRS with a copy to the development officer for transmission to the donor.
- 4.6.13 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 capital in nature for recording in the university accounting system as inventory so that it will be covered by University insurance.
- 4.7 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, is not tax deductible according to the IRS. Therefore no hard or soft credit is recorded for such gifts.
- 4.8 Miscellaneous Gifts: Whenever 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 ADR with the fair market value associated with attending the event. 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 IRS purposes. Failure to keep the information could result in fines and potential loss of tax-exempt status.
- 4.8.1 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.
- 4.9 Auctions and Raffles:
- 4.9.1 NC 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.
- 4.9.2 Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or gift receipt will be issued. See the FAI website regarding taxation issues related to raffle winnings.
- 4.9.3 Items donated for sale at an auction are not considered for a related use (to the University's educational purpose) according to the IRS. Therefore, the receipt that will be issued will list the item donated, but no value. Auction donors must be made aware of this fact.
- 4.9.3.1 The description of the donated items should be submitted to ADR on a BA-151.

- 4.9.3.2 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.
- 4.9.3.3 A gift receipt can only be issued to a purchaser of an auction item 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.
- 4.9.3.4 The fair market value must be clearly indicated in the information posted about the item at the auction and that information should accompany the "Other Income" sheet ([Attachment 7](#)) submitted with the check/cash to FAI.

## **5. Pledges**

- 5.1 Pledges should be recorded in accordance with relevant Financial Accounting Standards Board ("FASB") rules, CASE Guidelines, and in keeping with the guidelines and Procedures outlined in the Alumni & Donor Records' Guidelines and Procedures Manual.
- 5.2 Pledged 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.
- 5.3 Every effort should be made to keep the pledge payment period to five years or less.
- 5.4 A donor's pledge cannot be paid on the gift system with a closely held stock gift (until liquidated), a payment by a third party such as a community foundation or donor-advised fund, or a matching gift.
  - 5.4.1 The development office responsible for the pledge should monitor these gifts and when the required pledge amount has been received by a third-party, they should request that ADR ensure that the pledge balance is zero.
- 5.5 Procedure to process pledges:
  - 5.5.1 The development office working with the donor should submit the completed pledge transmittal form ([Attachment 8](#)) to ADR so that the pledge can be entered on the gift reporting system.
  - 5.5.2 The ADR is responsible for sending the pledge reminders to the donor unless the development office working with the donor requests to send the reminder.
  - 5.5.3 When processing a gift that is a pledge payment, the development office filing the gift transmittal should note that the payment is a pledge payment.
  - 5.5.4 Annually, by June 30<sup>th</sup>, the development office should verify/confirm to ADR that all of the pledge balances are correct, or report any changes in pledge balances they are

responsible for in the gift recording system. Semi-annually the Associate Vice Chancellor for Advancement Services will conduct a review of all past-due pledges. Pledges of under \$5,000 that are more than 2 years old and have not been paid on within the past two years will be written off. Development Officers responsible for past-due pledges between \$5,000 and \$25,000 that are over 2 years old will be informed of the pledge status and urged to communicate with their donors. Pledges of \$25,000+ that are past-due will be required to have updated payment plans obtained from donors by their Development Officers.

## **6. Deferred Gifts**

6.1 Deferred gifts will benefit the University or a University Associated Entity at some point in the future. Generally, these gifts are either revocable (can be changed by the donor at any time) or irrevocable (can not be changed by the donor once the gift is made). The benefits to the donor depend on both the type of gift and if the donor retains the right to modify the gift. Types of deferred gifts include: simple bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, life insurance, retained life estates, or naming an NC State entity as the beneficiary of a retirement plan.

6.1.1 The GPO is responsible for assisting potential donors and development officers in making these types of gifts, securing approval of the gift from the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business, when appropriate, and processing and recording of all planned gifts to benefit any area at NC State including the Textile Foundation and the Student Aid Association (“Wolfpack Club”).

6.2 Charitable bequests: Donors can make a charitable bequest to the University or one of the University Associated Entities via their will or trust of any type of property. The University or University Associated Entity retains the right to accept or decline any gift made through a will and/or trust.

6.2.1 A bequest is a revocable gift. No gift receipt is issued for a bequest until the funds or properties are actually in the hands of the University or the University Associated Entity. The receipt issued will be to the Estate of the donor or the Trustee of the donor’s trust. While a bequest intent is revocable, it does represent a new commitment by the donor and, therefore, much like a pledge the donor will receive hard credit as a Bequest Expectancy (pledge) at its face value.

6.2.2 Bequests from estates or trusts payable to North Carolina State University without specific reference to a University Associated Entity by state law must be deposited into the Endowment Fund of NC State University and not in a University Associated Entity account. The GPO will work with the executor/trustee to provide information on how the donor wished for their funds to be used.

6.2.3 GPO oversees the management of all gifts made by a bequest under a will, living trust, and testamentary trust, through a charitable remainder trust, charitable gift annuity

- and/or other will substitutes such as a life insurance policy or designation of a retirement account.
- 6.2.4 GPO will provide sample bequest language to development offices and donors to facilitate the donor wishes to make their gifts to the entity of their choice.
  - 6.2.5 Development officers should contact GPO as soon as they have knowledge that a donor has died and forward all paperwork to the GPO for processing.
  - 6.2.6 GPO will prepare the gift transmittal and make sure that the appropriate development office and the executors/trustees receive the appropriate receipt for gifts made.
  - 6.2.7 The giving record of the donor, now referred to as “The Estate of,” will be hard credited with the value of the bequests received. Soft credit is typically not given to any other person or entity for these gifts except for a surviving spouse/partner.
- 6.3 A charitable gift annuity (CGA) is a contract between the donor and a University Associated Entity whereby the donor transfers assets in exchange for guaranteed fixed payments to one or two beneficiaries for the remainder of their lives. The donor specifies how the remainder of the annuity will be used by the University Associated Entity after the passing of the last beneficiary.
- 6.3.1 The minimum gift necessary to fund a gift annuity is \$10,000 and that can be accomplished in two installments, if necessary.
  - 6.3.2 At least one beneficiary of a gift annuity must be 50 years of age when payments begin and a maximum of two lives can be covered.
  - 6.3.3 Assets that can be used to fund the annuity include cash, securities and in certain circumstances, real estate (when approved in advance by the Vice Chancellor for University Advancement and the Vice Chancellor of Finance and Business following the usual procedure for the acceptance of real estate).
  - 6.3.4 NC State follows the recommended rates of the American Council on Gift Annuities when offering a gift annuity to a donor. NC State caps the highest rate allowed at 9.1% for an immediate payment gift annuity. Any change in the highest allowable rate or any requested rate greater than the approved maximum must be approved via the gift exception process by the Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business prior to the annuity contract being finalized.
  - 6.3.5 Procedure to process deferred gifts:
    - 6.3.5.1 The GPO is responsible for the preparation of the gift annuity contract and all supporting documents needed by the donor to claim their charitable income tax deduction and the transmission of that material to the donor with the required disclosure statements.

6.3.5.2 The gift is recorded on a Deferred Gift Transmittal ([Attachment 9](#)) prepared by the GPO.

6.3.5.3 The GPO will provide the appropriate development office, FAI, and ADR with copies of all relevant documents pertaining to the gift.

6.3.5.4 The GPO will secure the approval and signature of the donor(s), the president or designated officer of the foundation or chairperson of the Board of Trustees of the Endowment Fund of NC State University as well as the Treasurer of the appropriate entity on the gift annuity contract.

6.3.5.5 GPO coordinates the gift, payments to the donors, and the annual tax statements with the outside firm charged with management of the planned giving assets.

6.3.5.6 The giving record of the donor will be hard credited with the charitable deduction allowed under IRS guidelines and their record will be soft credited for the actual value of their gift.

6.4 Deferred charitable gift annuity (DGA): The difference between this gift and the charitable gift annuity is the point in time when payments to the beneficiary are set to begin. Deferred annuities must begin their payments at least one year after the date that the contract is signed. For the donor this means a higher rate on the annuity and a larger charitable deduction.

6.4.1 The minimum age for a deferred annuity is 40 years of age with payments set to begin at least 15 years in the future. Another option, the deferred flexible gift annuity, provides a range of years in which the beneficiary can opt to have their payments begin.

6.4.2 In all other aspects, the gift requirements and procedures are the same as that for the charitable gift annuity.

6.5 A charitable remainder trust (CRT) is established when a donor irrevocably transfers assets to a trustee who invests the assets to pay income to the donor or others chosen by the donor for their lives or for a term of years (20 is the maximum). At the conclusion of the trust, the remaining assets are distributed to the University or a University Associated Entity pursuant to the directions the donor has made. There are two types of charitable remainder trusts: the charitable remainder annuity trust (CRAT) where payments are fixed and never change and the charitable remainder unitrust (CRUT) where the payments are based on the annual valuation of trust assets. If the University or a University Associated Entity is going to act as trustee of the CRT, a minimum gift of \$50,000 is necessary to establish the trust.

6.5.1 The minimum age for establishing a charitable remainder trust is 50 years of age unless the donor opts for a term of years trust (20 years is the maximum allowable term).

6.5.2 When the University or University Associated Entity will act as trustee of the CRT, a maximum of two beneficiaries is allowed unless it is a term of years trust.

- 6.5.3 The rates offered on CRT's are based on the projected life expectancies of the beneficiaries and range from 5% to 7%. The Vice Chancellor for University Advancement and the Vice Chancellor for Finance and Business must approve any rate greater than the approved maximum prior to the signing of the trust agreement.
- 6.5.4 Assets that can be used to establish a CRT depend on the type of trust being established. Charitable remainder annuity trusts (CRAT) can be funded with cash or securities only. The charitable remainder unitrust (CRUT) can be funded with cash, securities, insurance, real property, or retirement plan assets. Personal property cannot be used to fund either type of CRT at NC State.
- 6.5.5 Procedure to process charitable remainder trusts:
  - 6.5.5.1 When the University or University Associated Entity serves as trustee of a charitable remainder trust, the attorney retained by NC State will draft the trust document. Each University Associated Entity is responsible for paying these legal fees and expenses from their funds.
  - 6.5.5.2 The GPO is responsible for preparing all supporting documents needed by the donor to claim their charitable income tax deduction and the transmission of those materials to the donor with the required disclosure statements.
  - 6.5.5.3 The GPO will provide to the appropriate development officer, FAI, and ADR copies of all relevant documents pertaining to the gift.
  - 6.5.5.4 GPO will secure the approval and signature of the donor(s), the president or designated officer of the University Associated Entity or chairperson of the Board of Trustees of the Endowment Fund of NC State University as well as the treasurer of the Foundation/Endowment Fund on the trust document.
  - 6.5.5.5 The GPO coordinates the gift, payments to the donors, and the annual tax statements with the outside firm charged with the management of the planned giving assets.
  - 6.5.5.6 The giving record of the donor will be hard credited with the charitable deduction allowed under IRS guidelines and their record will be soft credited for the actual value of their gift.
- 6.6 The charitable lead trust (CLT) provides an income stream for a specific period of time to the University or the University Associated Entity. The NC State entity receives the income from the trust and applies it according to the wishes of the donor. At the termination of the trust, the remaining principal is returned to the donor or to other beneficiaries the donor designates.
  - 6.6.1 Neither NC State nor a University Associated Entity will serve as the trustee of these types of trusts.

- 6.6.2 With proper documentation, the donor's giving record will be hard credited with the value of the gifts as received.
- 6.7 Gifts of life insurance may name the University or a University Associated Entity as beneficiary of the policy or as both the beneficiary and owner of the policy.
- 6.7.1 No receipt will be issued to the donor unless the University or a University Associated Entity is named as both the owner and the beneficiary of the policy.
- 6.7.2 A receipt for a life insurance policy that is fully paid that names the University or a University Associated Entity as both the owner and the beneficiary will reflect the value provided by the insurance company on IRS Form 712.
- 6.7.3 A receipt for the life insurance policy with premiums remaining to be paid that names the University or a University Associated Entity as both the owner and the beneficiary will reflect the value provided by the insurance company on IRS Form 712.
- 6.7.3.1 Subsequent premium payments may be made annually, semi-annually or can be automatically debited from the donor's account to the NC State or University Associated Entity's account.
- 6.7.3.2 Each payment will be recorded on the donor's gift record as an outright gift and a receipt will be issued to the donor for that payment.
- 6.7.4 A new policy can also be issued in the name of the University or a University Associated Entity.
- 6.7.4.1 Premium payments made by the donor to the University or a University Associated Entity will be receipted to the donor as an outright gift.
- 6.7.5 Term life insurance policies will not be accepted.
- 6.7.6 The date of gift is the date the change in ownership and/or beneficiary designation is made on the records of the insurance company.
- 6.7.7 Procedure to process gifts of life insurance:
- 6.7.7.1 All gifts of life insurance are handled by the GPO and the development officer should contact GPO for assistance in completing this gift.
- 6.7.7.2 The gift is reported on a BA-151.
- 6.7.7.3 The GPO will handle all of the required paperwork to complete the gift, secure the tax deduction for the donor, and submit the BA-151- and supporting documentation to ADR who will record the gift in the gift reporting system.

- 6.7.7.4 Copies of all paperwork will be sent to the appropriate development officer, FAI, and ADR.
- 6.7.7.5 The GPO will secure the required IRS Form 712 from the insurance company and prepare IRS Form 8283, when appropriate, and transmit this information to all interested parties.
- 6.7.7.6 The donor's giving record will be hard credited with a planned gift equal to tax deductible amount of the gift, and soft credited for the face amount of the policy when the University or one of the University Associated Entities is named as both the owner and the beneficiary of the policy.
- 6.7.7.7 When the policy matures, any excess over the amount recorded as a planned gift will be counted as an outright gift.
- 6.8 The University or a University Associated Entity may be named as the beneficiary of retirement plan assets such as IRA's, 401(k) plans and other retirement plans. Currently, no charitable deduction is available to the donor when they make this designation.
  - 6.8.1 A receipt will be issued to the donor or their estate when the proceeds are received by the University or a University Associated Entity.
  - 6.8.2 Donors may choose to transfer retirement assets during their lifetime to benefit the University or one of the University Associated Entities.
  - 6.8.3 A receipt will be issued to the donor as an outright cash gift to charity or to a life income vehicle such as a charitable remainder flip unitrust or a deferred charitable gift annuity. The beneficiary designation should be to the University or University Associated Entity the donor wishes to benefit using the correct legal name of that entity.
- 6.9 In a retained life estate (or remainder interest in a residence or farm) the donor makes an irrevocable gift by deed of their personal residence, vacation home or farm while retaining life use of the property. The donor retains full ownership rights and enjoyment of the real estate until the specified lifetimes or time period has ended; at that point the University or a University Associated Entity becomes the sole owner of the property.
  - 6.9.1 Procedure to process life estate gifts:
    - 6.9.1.1 The GPO will handle the processing of all retained life estate gifts and prepare the appropriate transmittals, IRS Form 8283 and tax-related materials for the donor and send copies to the appropriate development office, ADR and FAI.
    - 6.9.1.2 Transfer is made by deed and the value of the gift is determined by a qualified appraisal of the property done no more than 60 days prior to the date of gift.

- 6.9.1.3 The original deed should be delivered to the University Real Estate Office for safekeeping and a copy sent to FAI along with a copy of the BA-151.
- 6.9.1.4 The donor's giving record will be hard credited with the charitable deduction allowed under IRS guidelines for the gift and soft credited with the appraised value of the real property.
- 6.9.1.5 A receipt will be issued to the donor describing the real property that has been donated and the deduction allowed under IRS guidelines.
- 6.9.1.6 After the retained life estate terminates, the property may be sold. The sales price is not considered to be a gift and no gift transmittal should be done at that time.
- 6.9.1.7 A retained life estate is a gift of real property subject to all policies and procedures associated with the gifts of real property listed below.

## **7. Gifts of Real Property (Real Estate)**

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 University 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.

7.1 Any gift of real estate must meet the criteria set out below.

7.1.1 Gifts of real property must benefit the University in at least one of the following ways:

7.1.1.1 Programmatic purpose. Gifts of real property may be accepted to advance the programs of the University (teaching, research, and extension and engagement) either as the location for specific programs or as long-term sources of income to support programs.

7.1.1.1.1 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 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).

- 7.1.1.1.2 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).
- 7.1.1.2 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.
- 7.1.1.3 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 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).
- 7.1.2 Gifts of real property that are programmatically advantageous 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.
- 7.1.3 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.

## 7.2 Procedures for Review of Proposals for Accepting Gifts of Real Property:

- 7.2.1 Submission of Proposal. 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 and 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.
  - 7.2.1.1 Proposals to accept gifts of real property that support programmatic goals also must address the following:
    - 7.2.1.1.1 The immediate and long term potential for the gift to support one or more specific programs.
    - 7.2.1.1.2 The faculty/staff and programs that the gift would support.
    - 7.2.1.1.3 The uniqueness or special value of the gift to support the identified programs.

- 7.2.1.1.4 A proposed financial, management, and maintenance plan for the property and the programs that will occur on it.
  - 7.2.1.1.5 Specific criteria to be used over time to evaluate the success of the proposed program and whether or not the program should be continued, and to enable a judgment as to whether the property should be retained, used for another purpose, sold or transferred to another owner.
- 7.2.1.2 Proposals to accept gifts of real property that may generate income to support programs also must include a business plan that addresses the following:
- 7.2.1.2.1 The intended use of the gift.
  - 7.2.1.2.2 The relation of the gift to a programmatic interest of the University.
  - 7.2.1.2.3 A logistical plan for managing the property.
  - 7.2.1.2.4 The expected annual net returns to the University over the expected retention period of the property.
  - 7.2.1.2.5 The identification of a source of funds to cover expenses incurred while holding the property until it becomes income generating.
  - 7.2.1.2.6 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.
- 7.2.1.3 Proposals to accept gifts of real property to be sold for proceeds to support other University objectives also must include the following:
- 7.2.1.3.1 A plan for sale and immediate management of the property.
  - 7.2.1.3.2 The identification of a source of funds to cover expenses incurred while holding the property until it is sold.
  - 7.2.1.3.3 A description of the anticipated net proceeds to be realized from the sale and the proposed use of such proceeds.
- 7.2.1.4 Proposals to accept gifts for other institutional purposes must include all of the information indicated in this section, and be supported by a compelling rationale for acceptance of the gift.
- 7.2.2 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.
- 7.2.3 The University Real Estate Office shall evaluate the proposal relative to financial, environmental and other general property-related considerations and after due diligence

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.

7.2.4 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.

7.3 The Chancellor may make exceptions to the criteria set forth in this regulation after consultation with the executive officers.

7.4 Procedure for routing a request to accept gifts of real property:

7.4.1 The development officer working with the donor should contact the University Real Estate Office and the GPO for the required items to begin a review of a potential gift of real property.

7.4.1.1 Information that will be required includes: the current deed and property description; determination if property is a townhouse or condominium; recent property tax bill, most recent survey and map of the property; information regarding known easements, restrictions, covenants, zoning information, right-of-way, conservation easements; current or former uses of property; copy of current leases, mortgages, liens, assessments, 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.

7.4.1.2 Real Estate Acceptance Review Process:

7.4.1.2.1 Initial site visit conducted by representative of the Office of Real Estate, the development officer and/or representative of the Office of Gift Planning.

7.4.1.2.2 At donor expense, a current appraisal conducted by certified independent appraiser, approved by the Office of Real Estate, is required.

7.4.1.2.3 On behalf of the University or University Associated Entity, a full title search by legal counsel at the expense of the University or University Associated Entity.

7.4.1.2.4 On behalf of the University or University Associated Entity, a Phase One environmental impact study unless, at the determination of the Office of Real Estate, the property is historically residential property with no history of known environmental issues. The study is an expense of the University or University Associated Entity.

7.4.1.2.5 On behalf of the University or University Associated Entity, if residential property is being gifted, a full home inspection will be conducted; or, if commercial property is being gifted, a full building/site inspection will be conducted. The inspection is an expense of the University or University Associated Entity.

7.4.1.2.6 Any expenses noted in 7.4.1.2.3, 7.4.1.2.4, or 7.1.4.1.5 that the University or University Associated Entity (as recipient, trustee of a charitable remainder trust, or

- via retained life estate) wishes the donor to accept must be confirmed in a written agreement signed by the donor.
- 7.4.1.2.7 If real property is being gifted to a charitable remainder trust for which the University or University Associated Entity will serve as trustee, a full written plan for disposition, marketing, or property management will be submitted before acceptance. The written plan will be prepared by the development officer and the Office of Real Estate.
- 7.4.1.2.8 If real property is being gifted via estate devise (bequest), it is imperative that the Office of Real Estate and Office of Gift Planning 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 has only nine months to disclaim the devise should there be any problems where the University or University Associated Entity would not wish to or be unable to accept the gift.
- 7.4.1.3 If the property is to be held for any reason, it is the responsibility of the development officer to secure the written documentation required and deliver that to the University Real Estate Office.
- 7.4.1.4 The University Real Estate Office will deliver their report on the property and their recommendation to accept or reject the gift to the GPO.
- 7.4.1.5 The GPO prepares the real estate gift acceptance recommendation and attaches that to the report from the University Real Estate Office and secures the approval or disapproval from the Vice Chancellor for University Advancement before delivering the gift acceptance form to the University Treasurer's Office.
- 7.4.1.6 The University Treasurer, after review of the gift acceptance form, secures the approval/disapproval of the Vice Chancellor for Finance and Business before returning all documents to the GPO.
- 7.4.1.7 The GPO sends a copy of the gift acceptance form to the University Real Estate Office and to the development officer working with the prospect.
- 7.4.1.8 The gift is processed on a BA-151 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 FAI and the development office working with the donor.
- 7.4.1.9 The receipt issued will show a description of the property only. The donor's giving record will be hard credited with the appraised value of the real property.
- 7.4.1.10 The GPO will prepare the IRS Form 8283 for signature by the Treasurer of the University or the University Associated Entity. This will be sent to the donor along with the receipt with copies to the development office working with the donor.
- 7.4.1.11 If the property is sold within the time required by the IRS in relation to the date of gift, IRS Form 8282 must be filed with the IRS within 180 days of the sale. Either the

University Treasurer (for gifts to foundations FAI manages) or the University Controller (for University gifts) will prepare the form and send it to the IRS with a copy to GPO for transmission either directly to the donor or for the development office working with the donor to forward to the donor.

7.4.1.12 At the time the real property is sold, no adjustment will be made to the donor's giving record, as the gift was complete when the donor deeded the property.

## **8. Gifts that warrant further review and approval by the Vice Chancellors**

8.1 Gifts of personal property if they are not to be used by the University.

8.2 All gifts of real or personal property subject to donor restrictions regarding the disposal of such property.

8.3 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.

8.4 Cash gifts with significant donor restrictions.

8.5 All gifts of unusual items or gifts of questionable value.

8.6 All gifts that require additional expenditures by the University or a University Associated Entity.

8.6.1 Development officers should contact the GPO for assistance with gifts in this category as all will require prior approval by the Vice Chancellors for University Advancement and Finance and Business.

## **9. Refunding of Gifts**

9.1 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 ADR by the University or University Associated Entity as a gift reversal. ADR will forward the request to FAI and the donor's giving record will be adjusted for the refund by ADR.

9.2 If the donor has filed a tax return claiming a charitable deduction for the gift, they will need to contact their tax advisor to determine if they need to amend their tax return.

## **10. Discounts on Materials and Services**

10.1 Corporations and/or individuals may offer significant discounts on materials and/or services to the University or one of the University Associated Entities.

- 10.2 The entity receiving the discount on materials and or services may, at it discretion, send a letter of acknowledgement to the donor.
- 10.3 No official receipt will be issued as this is not considered to be a gift under IRS guidelines. The donor's giving record will not be credited. The only exception permitted would be those donations qualifying as bargain sales as described in IRS Publication 526.

### **11. Gifts from University Faculty and Staff**

- 11.1 Gifts from faculty and staff of North Carolina State University must meet the following three criteria in order to be deductible for tax purposes:
- 11.2 Charitable intent should be the primary reason for making the contribution.
- 11.3 The contribution must be credited to a fund not under sole control of or does not personally financially benefit the donating faculty or staff member.
- 11.4 The faculty or staff donor should not receive or expect to receive future remuneration from the fund to which their gift was credited. Examples of deductible gifts would include signing an honorarium check over to the department and that faculty member not having 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, or donating equipment or materials for use by the department.

### **12. Other types of income that will not be accepted as gifts by the University and University Associated Entities**

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

- 12.9 Gifts to social organizations such as sororities or fraternities, even if they are affiliated.
- 12.10 Government funds whether local, state, federal or foreign. This includes disbursements from Indian Tribal Governments and their private enterprises.
- 12.11 Monies received as result of exclusive vendor relationships, such as “pouring rights.”
- 12.12 Non-gift portions of quid pro transactions.
- 12.13 Proceeds from sale of merchandise, unless the merchandise is sold as part of a fund-raising program and the charitable portion of the gift transaction is clearly identified.
- 12.14 Royalties for affinity agreements.
- 12.15 Instances where there is a stipulation that a specific student be the recipient of a scholarship or tuition funds.
- 12.16 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.

### **13. Related Material**

1. [Acquisitions and Dispositions, REG07.50.1](#)
2. [Coordination of Fundraising Activities and Acceptance of Private Donations \(Gifts\)POL03.00.1](#)
3. [Authority of the Vice Chancellor for Business and Finance, POL01.20.2](#)
4. [Endowment and Minimums for Naming Rights](#)
5. [CASE Reporting Standards & Management Guidelines, 4<sup>th</sup> Edition](#)

### **14. Attachments**

1. [Gift Transmittal](#)
2. [Letter of Instructions, stock/mutual funds](#)
3. [Gift of Securities Transmittal](#)
4. [IRS Form 8283](#)
5. [IRS Form 8282](#)
6. [BA-151 \(2011 Revision\)](#)
7. [Other Income form](#)
8. [Pledge Transmittal](#)
9. [Deferred Gift Transmittal](#)

## **Addendum**

### Instructions for Completing a BA-151

The Office of University Advancement is charged by the Chancellor with the primary responsibility for collecting donor information on all gifts to the University so that giving totals for the entire University can be reported, maintaining one central database for donor records and providing donors with the appropriate receipt for income tax filing purposes. Effective January 1, 1994, federal law requires charities to provide donors with receipts containing specific information in order for the donor to take a tax deduction for charitable gifts. Failure to provide this receipt can result in stiff penalties for the charity. Since many of these gifts to NC State come directly to a college or department, it is important that any unit receiving a gift directly follow this procedure, in order to protect both the donor and the University. The following statement provides procedures for reporting these gifts to the Office of University Advancement.

Outline of form BA-151

**Note: All forms are to be typed or printed so that they can be easily read.**

Form BA-151, Notification of Gift, may be obtained from the Office of University Advancement, Box 7501, Rm. 12 Holladay Hall.

#### Section I: Donor Information

This section must be completed in order to insure that credit is awarded to the appropriate donor. Correct address information is required in order to provide the donor with a timely receipt. In the case that the donor is an organization, the name and title of the person who is the contact for the organization is required.

#### Section II: Gifts of Cash

##### Part A: General Description

This section is required and must be completed in full in order to insure that the donor receives the proper credit. The Financials Project# requested is the Financials Project# to where the gift will be deposited. The departmental contact and extension should be the person preparing the Form BA-151.

##### Part B: Purpose/Use of Gift

One of the spaces in this section must be marked in order to complete the Form BA-151. If the section titled "Other:" is marked, please provide a brief description of the purpose or intended use of the gift.

#### Section III: Gifts of Property

For proper handling of all gifts of property (non- cash gifts) this section is required and must be completed in full. The value of the gift of property is required and may be approximated by a qualified individual in the area receiving the gift.

#### Section IV: Receipt Information

Federal law requires NC State to obtain and communicate certain information regarding gifts made to the University and its affiliates to its donors. The information in this section is required and must be completed in full in order for NC State to be in compliance with the law.

Please keep a copy of Form BA-151 for your records. The white original and gift deposit are to be forwarded to:

Office for University Advancement  
Attention Gift Processing  
Box 7004 NCSU Campus

All gifts of cash or property received by NC State or any of its affiliates must be reported to the Office for University Advancement within 5 working days using the Notification of Gift Form (BA-151). For deposits made by departments to appropriate gift accounts with object code 0269, please attach a copy of donor's check.

All cash gifts for an established endowment fund are to be delivered immediately upon receipt to the Office of University Advancement. The gift must have attached the Notification of Gift Form (BA-151).

All cash gifts for endowment for which no endowment fund has been established must be delivered immediately upon receipt to the Office of University Advancement for processing. The gift must have attached the Notification of Gift Form (BA-151).

#### Procedures for Proper Notification of Gift Receipts:

##### Gifts of Cash Deposited with University Cashier:

Fully complete the Notification of Gift Form (BA-151) along with a University Deposit Slip (see section A, statement 4.0 for instructions on the University Deposit Slip). Deliver Form BA-151 to the University Cashier's Office along with the deposit. Proper completion of Form BA-151 is required in order to deposit a gift.

##### Gifts of Cash for Endowment Funds:

Fully complete the Notification of Gift Form (BA-151) and deliver immediately, along with the gift, to the Office for University Advancement.

##### Gifts of Property:

Fully complete the Notification of Gift Form (BA-151) and deliver immediately, along with the gift, to the Office for University Advancement. Please make sure a value of gift is complete. The gift cannot be processed without an amount to enter.