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**THE CAMPAIGN  
FOR BOSTON UNIVERSITY**

**GIFT POLICY and CREDITING  
MANUAL**

May 2012

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## I. INTRODUCTION

Boston University solicits and receives donations to further its mission of education, research, public service, and economic development. The President accepts all gifts on behalf of the Trustees of Boston University and has delegated that authority and responsibility to the Office of Development and Alumni Relations. No gift may be accepted under terms which require prohibited discrimination or are in conflict with federal or state law or University policies.

The **Campaign for Boston University** will solicit gifts primarily in support of the fundraising areas outlined in the University's Strategic Plan and the respective School/College Campaign Plan. The campaign will have a defined beginning date and end date. All gifts, pledges and grants from private sources received during that timeframe will receive full credit as long as they comply with campaign crediting guidelines.

### Definitions of Support

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

- **Gifts** are irrevocable transfers of assets, i.e. contributions from private sources, for which no goods or services are expected, implied, or forthcoming in return to the donor, and in which no proprietary interests are to be retained by the donor. In this policy, the term "gifts" refers exclusively to private gifts, even though such gifts may be termed "grants" by corporations and foundations.
- **Grants or Sponsored Activities** are those undertaken by the University with the support of an external entity which expects in return specific outcomes that either directly benefits the provider or a public purpose. At a minimum, the provider requires the University to report on how the funds were spent and/or what progress has been made in accomplishing the goals of the activity.

If at times it is not entirely clear whether money received is for a gift or for a sponsored project (for example, if Gifts and Records receives funds that appear to have characteristics of a sponsored activity where a portion of a grant amount may be returned to the donor or be dependent on specific reporting of the project) the check and documentation or a copy will be forwarded to Grants and Contracts Accounting and the Office of Sponsored Programs for review.

Requests for all exceptions to the gift acceptance policies should be referred to the appropriate AVP or Senior Vice President. If he/she determines that further review is warranted, the case will be brought to the President and University General Counsel to make the exception decision.

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## II. MAKING A GIFT TO BOSTON UNIVERSITY

### Gift Types

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

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

- **Irrevocable gifts** given to the University cannot be modified or withdrawn by the donor and generally provide immediate tax benefits and in some cases a lifetime income for the donor. Examples of irrevocable gifts include charitable gift annuities, remainder interests in property and in some cases charitable remainder trusts.
- **Revocable gifts** can be changed or withdrawn at the discretion of the donor and most often become irrevocable upon the death of the donor providing estate tax benefits at that time. Examples of revocable gifts include a will provision, retirement plan designation or other estate provision (prior to death). Revocable gifts are not recorded into the system until they become irrevocable. For the Campaign for Boston University, revocable

**Matching Gifts:** Many companies match current gifts of cash, stocks or bonds made to higher education institutions by their employees and often, employees' spouses and company retirees. Matching gifts are generally allocated to the same purpose as the donor's gift unless restricted to another purpose by the company. Donors are entitled to income-tax deductions for their individual gifts only. Matching gift amounts are included in the donors' total giving for donor recognition purposes only.

**Unrestricted Gifts** are important to the University because they may be used in areas where the institution most needs resources, at the discretion of the University.

**Restricted Gifts** benefit specific areas of need, capital projects, departments, programs, or other purposes specified in writing by the donor. The University recognizes and respects the right of a donor to channel gifts to a favored, restricted purpose, and the restriction of any gift accepted by the University will be implemented faithfully.

## Methods of Giving

**Cash Contributions** are accepted as single gifts or in multiple payments and include cash, checks, Electronic Funds Transfer (EFT), payroll deduction, credit card charges and/or IRA distributions.

**Deferred or Planned Gifts** are a broad description for charitable gifts that provide a deferred benefit to the charity. Final designation for such gifts should be clearly stated and approved by the University when the instrument is written.

- **Charitable gift annuity** is a contract between Boston University and the donor pursuant to which the beneficiary(ies) of the annuity receive payments for their lifetime based on the amount of the gift and their age at the time the annuity is established. The donor may designate the use of the remainder value of the annuity which becomes available at the death of the beneficiary(ies). Up to two beneficiaries may be named. The minimum gift amount is \$10,000. Boston University follows the gift annuity rates suggested by the American Council on Gift Annuities.
- **Charitable remainder trust** is a legal entity created by the donor pursuant to which the trustee of the trust invests the trust assets and makes fixed or variable payments to the named beneficiaries for life or a term of up to 20 years. The donor may designate the use of the remainder interest of the trust which will become available at the end of the term. Boston University is pleased to act as trustee of charitable remainder trusts that are funded with a minimum of \$100,000 and irrevocably name the University as the ultimate beneficiary. Boston University managed trusts in which there are other remainder beneficiary(ies) in addition to BU will be evaluated on a case by case basis, but are generally discouraged.
- **Charitable lead trust** is a legal entity created by the donor pursuant to which the trustee of the trust invests the trust assets and makes fixed or variable payments to charity for a measuring lifetime or term or up to 20 years. At the end of the term the remaining trust assets are returned to the donor's named beneficiaries. The donor may designate the use of the charitable gifts from the lead trust. Boston University is pleased to act as trustee of charitable lead trusts where Boston University is named as the charitable beneficiary. The minimum gift to establish a lead trust is \$1,000,000.
- **Deferred charitable gift annuity** is similar to a charitable gift annuity except that the beneficiary payments are deferred for a specified number of years (often anticipated age of retirement) which increases the ultimate payout rate. The minimum gift to establish a deferred annuity is \$10,000. The minimum gift to add to an existing annuity is \$5,000.
- **Estate gifts** refer to a variety of provisions a donor may make for Boston University in his/her estate plans, including will and revocable trust provisions, and designations in a life insurance policy or retirement assets.
- **Life insurance policies** may be transferred to the University with the understanding that if they are not fully paid the donor will make annual gifts in the amount of the premiums. Boston University may also be named as the beneficiary of a life insurance policy that the donor wishes to retain.

### **Securities**

- **Gifts of publically traded securities** such as stocks, bonds and mutual funds may be donated to the University.
- **Gifts of stock in closely held corporations or stock options** must be reviewed on a case by case basis by the University General Counsel and/or Senior Vice President of Financial Affairs.

### **Other**

Different types of **Property** can be given to Boston University.

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

**Gift of Personal Property** is anything that is not real property. Personal property consists of two categories: **tangible personal property** and **intangible personal property**.

- **Tangible personal property** is physical property, other than land or buildings (real property), that may be seen or touched. Unlike real property, tangible personal property is movable. Examples of tangible personal property include furniture, artwork, jewelry, books, and vehicles such as automobiles, rare manuscripts, historical memorabilia and equipment such as computer hardware and software, and other specialized scientific instrumentation.
- **Intangible personal property** (patents and other intellectual property) is personal property the value of which stems not from its physical form or characteristics but rather from its intangible nature, such as patents, copyrights, and trademarks.

## Fund Types

**Current Use (or Expendable) Funds** are resources received by the University that are available for immediate expenditure to carry out the University mission – educational instruction, research, and public service.

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

**Endowment (or Permanent) Funds** are resources received by the University that help to provide a sustainable level of support for the University’s operating budget. The donor gift or principal amount is invested in the University pooled endowment to provide both income and long-term growth. Individual endowment funds are comprised of a specific number of “units” or shares within the University endowment that generate annual income either for distribution use or to be returned to principal.

- **Restricted endowments** are amounts that have been contributed with donor-specified restrictions that the gift be invested in perpetuity; income from those investments may also be restricted for specific purpose(s) by the donor. Only donors can permanently endow a fund.
- **Unrestricted endowments** are amounts that have been contributed for general purpose to be used at the University’s discretion. In some cases, at a future time or upon the occurrence of a specified future event, these resources originally contributed may become available for purpose-restricted use as directed by the donor or the University.

Effective July 1, 2011, all new endowment funds will automatically have the first six months of income generated reinvested to principal to help provide for protection of principal during periods of near term volatility. Endowment spending distribution calculation is based on a five-year rolling average of market value per share.

**Plant Funds** are resources received by the University to provide for construction of new facilities or renovation of existing facilities, or for the purchase of real property.

**Funds Held in Outside Trusts** are funds comprised of private gifts and/or bequests that are held in trust for the University by outside trustees. These funds are not recorded in the general ledger. Income disbursed to the University by the trustees is expended according to the terms of the trust and accounted for in the same manner as income from endowment funds.

- A **perpetual trust** is one in which the income is distributed to Boston University every year.
- In a **beneficiary trust**, Boston University is the beneficiary and will receive its share of the trust at some future date.

### **III. SOLICITING GIFTS ON BEHALF OF BOSTON UNIVERSITY**

Projects for which gift support is sought must be among the general institutional funding priorities established by the Campaign or University executives, or must be individually approved by the faculty member's Dean, department head, and, where appropriate, the President and Provost. After obtaining appropriate academic approval, faculty members seeking gift support from industry, foundations, or individuals must clear any approach with the Office of Development and Alumni Relations. This clearance procedure is designed to avoid conflict with existing agreements or with pending approaches or solicitations to the individual, company, or foundation involved. Wherever possible, Development Office staff will provide assistance in identifying prospects and in making approaches.

#### **General Policies**

- No individual or group should solicit funds for the University or for the Campaign for Boston University without the approval of the Senior Vice President of Development and Alumni Relations or his/her designee.
- Clearance to solicit individuals who have multiple associations with the University should be obtained through the appropriate Associate or Assistant Vice President (AVP) and/or the Senior Vice President for Development and Alumni Relations.
- No person or entity signified as a "principal gift prospect," including all trustees and overseers, may be approached with a funding need or solicited without first obtaining clearance from the Senior Vice President of Development and Alumni Relations or the President.
- The Dean or program director, the appropriate AVP, and when necessary the Senior Vice President of Development and Alumni Relations should be consulted regarding any seven figure solicitation. Presidential approval, when required, will be obtained by the Senior Vice President.
- Solicitations to name University property or University efforts (research, centers, programs, etc.) should first be approved by the Dean or program director and then by the Senior Vice President of Development and Alumni Relations or his/her designee. Approval of funds designated to name University property or efforts will ultimately need final approval by the Board of Trustees.
- Staff may not serve as executors of an estate which benefits Boston University.

#### **Policies Specific to Annual Giving**

- Solicitations for unrestricted Annual Giving funds should clearly state that these funds are unrestricted, the use of which will be determined by the Dean of the school to which the funds are designated.
- Annual Giving solicitations to non-academic units may be made to current or former members, previous donors or other people who have indicated an interest in a specific area of the University, such as library, athletics, etc.

### **Raising Funds from Events**

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

The University discourages the use of raffles and auctions as venues for fundraising. Any raffles or auction to be held at Boston University require prior approval of the Senior Vice President for Development and Alumni Relations. For gift purposes, if an item is shown in an auction brochure at a specific market value, any bid amount above that value is considered a gift. No items purchased at a University sponsored auction can generate a tax-deductible gift to the University. Sales tax must be charged on the entire amount. If a donor wishes to make a tax-deductible contribution, a separate check (or credit card document) should be issued. No invitations, reply cards, tickets, letters, or other printed materials issued in relation to an auction shall indicate or imply that the price paid by a donor for goods purchased at the auction are either fully tax deductible or "to the extent provided by law." An amount received by the University is not a gift if the market value returned to the donor is equal to or exceeds the amount received.

## **IV. GIFT ACCEPTANCE POLICIES**

Boston University Trustees have formally delegated authority to the Office of Development and Alumni Relations to accept gifts and bequests on their behalf in accordance with prescribed University policy.

### **General Principles**

- All restricted gifts requiring the creation of a new endowed fund must be documented in writing from the donor, preferably with an agreement signed by the donor and the University. When a gift is accepted, the University assumes both a legal and an ethical obligation to conform to the wishes of the donor. For these reasons, it is essential that donors be encouraged to precisely indicate in writing those restrictions placed on or strong preferences for the use of funds provided. Terms of all accepted restricted funds are to be kept on file in the Office of General Accounting in the Comptroller's Office. A separate copy of a gift agreement and all accompanying correspondence should be placed in the donor's central development file.
- When the terms of a gift are so restricted as to present a serious risk that changed circumstances could render its use extremely difficult or impossible, donors should be encouraged to include language that will permit an alternative use.
- An endowment fund will be established and gifts accepted only if the fund is expected to reach the required capitalization level within 5 years, unless an exception is approved by the Senior Vice President of Development and Alumni Relations and/or the President.
- Non-cash gifts, generally known as "gifts-in-kind", will be acknowledged in terms of a precise description of the property, but no appraisal or evaluation will be made by the University. Acceptance should not involve significant additional expense by the University for the present or future use, display, maintenance or administration of gifts-in-kind unless approved by the President or designee. Date of donation for gifts-in-kind occurs on the day the property, or clear title thereof, is delivered to the University, provided prior acceptance by the appropriate office(s), and should comply with Federal regulations.

### **When Gifts Should Not Be Accepted**

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

- Gifts that necessitate illegal discriminatory use or administration violate University policy and will not be accepted;
- A restriction on the use or administration of a gift keyed to the incumbency of any individual in a University post will not be accepted;

- Gifts whose administration and use are to be directed by donors or other third parties will not be accepted. All gifts solicited in the name of, and treated as a gift to, the University will be received and expended by the University through regular channels;
- Gifts to support scholarships, fellowships and other forms of financial aid to students (1) can not be limited or directed to relatives or descendants of the donor, (2) to the fullest extent possible should avoid restrictions that would impair desirable flexibility in the administration of University resources, (3) donor may not be administrator of the funds;
- Donations from or for employees may not be fully deductible when the funds are used to support the employee/donor's own salary or used for travel or entertainment in which the employee/donor (or family members) participate. The University prohibits the use of donated funds (or substituted equivalent amounts from institutional funds) to fund any or all of the employee/donor's salary. Donated funds may be used for the employee/donor's travel only when it is determined that such travel is exclusively for University business;
- Gifts from faculty members to support their own research can only be accepted if the gift is for a specific University purpose. Contributions can not be set aside for the specific use of a person or persons but can be directed to a specific department, program or research area.

### **Accepting Special Types of Gifts**

#### **Gifts of Securities**

Authority to accept and to sell gifts of securities is exclusively held by the Office of Financial Affairs. Gift valuation of marketable securities (both credit and Treasurer's amounts) is based on the average between the high and the low on the valuation date, that is, the date of the actual transfer. (IRS in publication 561). Special issues related to gifts of non-publicly traded or restricted stock are reviewed on a case by case basis by the University General Counsel and Senior Vice President for Financial Affairs.

#### **Gifts of Tangible Property Including Property Given for Use by Boston University**

Authority to accept gifts of tangible property is held by the Office of Financial Affairs. Additional approval is recommended from the following departments or their designees:

- Office of the General Counsel
- The Office of Development and Alumni Relations
- The Dean of the school or director of the program for which the gift is designated
- The Office of Risk Management

#### **Gifts of Intangible Property**

Authority to accept gifts of intangible property is held by the Office of Financial Affairs, in consultation with the Office of Technology Development, if necessary.

#### **Gifts-in-Kind**

General information on IRS appraisal requirements of donated gifts-in-kind can be provided to potential donors by Development Officers and other Boston University personnel. Donors are

always advised to contact their personal financial advisors, tax attorneys, or accountants for tax deductibility advice prior to making the gift-in-kind.

Contributions of gifts-in-kind should first be approved by the respective dean, department chair or director associated with the proposed gift. Determination on accepting proposed gifts-in-kind with apparent value of \$1,000 or more is then made by the Office of the Comptroller in consultation with the Office of Development and Alumni Relations.

IRS Regulations state that for gifts of property, contractual rights, or similar intangible assets, the donor is to commission an independent appraiser to determine the value if the donor wishes to claim a tax deduction, or to demonstrate how the value was determined for gifts below \$5,000. In cases of the **gifts-in-kind with apparent value of less than \$5,000** or the donor is a corporation, foundation or an association who follow different IRS laws, the donor is encouraged, but not required, to submit an appraisal and IRS tax form 8283.

For **gifts-in-kind with an apparent value of \$5,000 or more**, an independent appraisal along with the Form 8283 signed by the appraiser is *required* by the IRS. The exceptions to this policy are: (1) closely-held stock which must be appraised before consideration by the University General Counsel, only if the apparent value is at least \$10,000; (2) gifts of out-of-pocket expenses; and (3) limited use of private property, such as a timeshare or rent-free office space.

**Gifts-in-kind with an apparent value of \$5,000 or more and sold within two years of donation** require that IRS Form 8282 be completed. Prompt notification by the department responsible for the sale must be made to the AVP for Advancement Services who, in turn, informs the Treasury Office. Treasury completes the 8282 and sends it to the IRS, with a copy to the donor and the Comptroller's Office. The Development Office is responsible for imaging a copy of Form 8282 together with other donor's documents. This imaged copy is the official record kept by the University.

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

**Gifts of service**, such as professional services or time freely given and easily valued at usual market cost, **and limited use of private property**, such as rent-free use of a home, office, piece of equipment or commercial property, are not generally accounted with a monetary value because IRS regulations do not recognize such gifts. Any exceptions must be approved by the Senior Vice President for Development and Alumni Relations.

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

Donor gifts of service, limited use of private property, and donations of out-of-pocket expenses nonetheless make valuable contributions to the University's campaign objectives. Recognition in honor rolls, giving societies, etc is awarded upon approval of the Senior Vice President for Development and Alumni Relations.

### **Gifts of Equipment**

Such gifts not held for sale and placed in use by the University must be capitalized if they meet the capitalization criteria and must be approved by Property Accounting.

### **Gifts of Real Estate**

Authority to accept gifts of real estate is held by the University's Executive Vice President. Additional approval is recommended from the following:

- Office of Planned Giving and/or Development and Alumni Relations
- Office of the General Counsel
- The Dean of the school or director of the program for which the gift is designated
- The Office of Risk Management

### **Gifts of Life Insurance**

A gift of life insurance is a form of charitable contribution to the University in which the donor or insured designates Boston University as the owner and/or beneficiary of a new or existing life insurance policy. The policy's fair market value (approximately the policy's cash value) is available to the donor as a charitable contribution deduction in the tax year the policy is transferred to Boston University. Authority to accept gifts of life insurance is held by the Office of Planned Giving and the Associate Vice President for Development. Original policies will be sent for safekeeping to the Office of the Treasurer to be placed in the University vault.

If the donor has not pre-paid the policy, the donor will be billed one month prior to the due date for the premium payment. Billing and premium payments shall be made through the University's Office of Planned Giving. Premiums shall be paid no less often than semi-annually. Premium payment dates shall be May 15 and November 15 of each and every year. The payment, which is a contribution to the University, is credited to a special account. A check is then drawn out of the account to pay the insurance company.

If the donor has not responded to a bill for a premium payment by the due date, the Senior Vice President for Development and Alumni Relations along with the Treasury Office will decide if the University should assume the cost of the payment, cash the policy for its surrender value or draw down on the surrender value to pay premiums.

### **Bargain Sales**

Authority to accept bargain sales is held by the Office of Financial Affairs. Bargain sales must involve an exclusive agreement with the University. Educational discounts offered to all institutions are not considered bargain sales for gift crediting purposes.

**Employer and Donor Matching Gifts**

Authority to sign for employer matching gifts is held by the Office of Gifts and Records.

**Bequests and Deferred Gifts**

For all bequests, including bequests of retirement plan assets, should list the beneficiary as “The Trustees of Boston University.” Authority to accept, process and acknowledge bequests is held by the Office of Planned Giving.

**Life Income Gifts**

The minimum level for a charitable or deferred gift annuity is \$10,000.

**Lead Trusts**

The minimums levels are as follows:

Charitable Remainder Trusts = \$100,000

Charitable Lead Trusts = \$1,000,000

**Foundation and Corporate Gifts**

The difference between corporate or foundation voluntary support and sponsored research is noted above in the definition of gift types. The Offices of Gifts and Records and the Office of Sponsored Research are responsible for determining when and how sponsored research is to be recorded as private voluntary support. Communication with the Office of Corporate and Foundation Relations is essential.

## **V. Pledges**

A pledge is defined as an unconditional promise to give cash or other assets. FASB 116 requires that promises of private donations should be recognized as receivables and revenue in the accounting period in which they are verifiable, measurable, probable of collection, and all applicable eligibility requirements have been met. For the accounting treatment, a pledge need not be considered as legally binding, but as a non-binding promise of a gift in which the organization has a reasonable expectation that the donor will honor his commitment. The minimum dollar amount for FASB recording of individual pledges should be \$10,000.

For pledges requiring a substantial financial involvement of the University, such as to build or renovate a space, the document will be drafted as a legally enforceable pledge and shall require fifty percent (50%) of the funding received prior to beginning construction.

### **Pledge Documentation**

Pledges of \$10,000 or more should have a signed and dated pledge agreement, letter of intent, confirmation letter, or e-mail stating the amount, the designation of the gift and the expected payment schedule.

### **Conditional Pledges**

Pledges conditional on certain circumstances coming to pass or on a future or uncertain event that must occur for the pledge to become binding on the donor are not reported externally until that condition is met. Examples of conditional pledges are challenge gifts and matching gifts. Conditional pledges are recorded on the internal University database (UIS) but are not included in external financial statements until the pledge is deemed unconditional.

For the **Campaign for Boston University**, conditional pledges will be recorded as revocable gifts and will be reported as testamentary pledges if made during the timeframe of the campaign. Revocable gifts must be reviewed by the Office of Planned Giving and the Senior Vice President of Development and Alumni Relations, or designee, and may be discounted or excluded based on the individual's age.

### **Bequest Intentions**

Bequest intentions may be recorded as conditional pledges but are not recorded in external financial statements (FASB) as pledges. Campaign accounting, however, may allow for exceptions when written documentation from the donor, his/her attorney or financial advisor outlines the source of the gift and its assumed value.

### **Review of Aged Pledges**

Pledges greater than 5 years old with a remaining balance after their scheduled due date, as well as pledges one year overdue or more, should be reviewed by the Office of Development and Alumni Relations and the Office of Financial Affairs, at a minimum, semi-annually to determine whether the pledge should be written off, reduced, reserved against, or maintained.

## **VI. DESIGNATING FUNDS**

### **Gifts Without Donor Designation**

All gifts received to the University for distribution “at the discretion of the President” will be designated as determined by the President:

- **Unrestricted bequests of \$50,000 or more** will be distributed at the discretion of the President;
- **Unrestricted bequests of less than \$50,000** will be distributed to the donor’s respective school/college unrestricted annual fund;
- **Unrestricted outright gifts of \$50,000 or more** will be distributed at the discretion of the President;
- **Unrestricted outright gifts of less than \$50,000** will be distributed as determined by prior giving history to the Annual Fund if an alumnus/a or parent , or in the case where there are no other determining factors the gift will be distributed to the General University Support Fund;
- **Undesignated gifts of \$50,000 or more** that remain without restrictions for at least a two-year period will be distributed at the discretion of the President;
- **Undesignated gifts of less than \$50,000** may be distributed to the BU Advancement Fund. Gifts that remain without restrictions for at least a two-year period will be distributed at the discretion of the Senior Vice President of Development and Alumni Relations.

#### **BU Advancement Fund**

Boston University maintains a BU Advancement Fund account to hold gifts pending designation by the donor or gifts of \$10,000 or more pending the setup of a fund as requested by the donor. Gifts and pledges should not remain in this fund for longer than a one-year period and will be reviewed at the end of each fiscal year.

## **Establishing a Gift Fund**

### **Gift Agreements**

Gift Agreements are key instruments in ensuring that the agreement (contract) between donor(s) and the University is mutually acceptable and understood, and that the gift will be used according to the donor(s) intentions. Formal gift agreements are required when establishing a new endowed fund, and are encouraged to be used as often as possible for all other current use type funds.

### **General Policies**

To ensure that the University adheres to donor preferences when establishing and designating funds and making expenditures, and to guard against the creation of idle funds resulting from overly restrictive clauses, the following should be followed when discussing terms with a prospective donor:

- Gift/fund terms and restrictions should accurately reflect donor intention and allow for maximum use and spending flexibility by the University;
- Use of the gift/fund may not be administered by a donor, group of donors or designees outside of the University;
- Questions regarding the appropriateness of terms stipulated by a donor should be referred to the appropriate Vice President, AVP, or Stewardship and Donor Relations.

## **Endowed Funds**

To establish a new endowed fund, a request should first be reviewed and approved by the appropriate dean, program director or AVP.

- A formal gift/fund agreement signed by the donor(s) and the University is required;
- The agreement outlining the donor intent, gift amount and payment schedule, and terms and restrictions should be forwarded to the Office of Stewardship and Donor Relations for review prior to obtaining donor signature;
- Restrictions should be broad enough in scope to allow for use in perpetuity and, wherever possible, indicated as strong preferences;
- All new endowments must be presented to and approved by the Executive Committee of the Board of Trustees;
- Only the President or Senior Vice President for Financial Affairs, or his/her designee, may sign terms on behalf of the University;
- The Office of Stewardship and Donor Relations will prepare the request for Executive Committee and work with Office of Financial Affairs on account establishment;
- Minimum required to establish any endowed fund is \$100,000 (see full list on next page)

**Endowed Fund Minimum Gift Levels**

Endowment amounts are determined by the Board of Trustees and may be amended by action of the Board. Below are the amounts required to establish a specific type of endowed fund at Boston University:

▪ Deanship	\$5 Million
▪ Incremental Professorship (new faculty position)	\$4 Million
▪ Coachship	\$3 Million
▪ Professorship (existing faculty position)	\$2.5 Million
▪ Career Development Professorship (junior faculty)	\$1.25 Million
▪ Visiting Professorship	\$1 Million
▪ Librarianship	\$1 Million
▪ Full Tuition Scholarship	\$1 Million
▪ Lectureship Fund	\$100,000
▪ Fellowship Fund	\$100,000
▪ Scholarship Fund	\$100,000

**Endowment Spending Policies**

Endowment spending distribution calculation is based on a five-year rolling average of market value per share.

All new endowment funds will have the first six months of income generated reinvested to principal to help provide for protection of principal during periods of near term volatility.

**Endowment Fund Activation**

In general, an endowment account will not be activated until it reaches the minimum level specific to each above purpose.

A Professorship may become operational when a minimum of fifty percent (50%) of the gift has been collected by the University; in the case of an Incremental Professorship the entire gift must be in place. A Dean, in consultation with the Provost, may elect not to activate a chair until 100% of the funding has been secured. Appointment of individuals to Professorship funds should happen only when funding has reached the specified minimum level, although exceptions can be made by the President.

**Endowment Decapitalization**

Expenditure of principal from endowments and capitalized income (funds functioning as endowment) can only be authorized by the President.

**Separately Invested Endowment Funds**

SEIF funds must be approved on a case by case basis by the President and the Senior Vice President for Financial Affairs.

### **Current Use Restricted Funds**

To establish a new current use restricted fund, a request should first be reviewed and approved by the appropriate dean or program director.

- Minimum to establish a current use fund is \$10,000 (gift or pledge);
- Gifts of less than \$10,000 should be encouraged to be directed to enhancing the resources of an existing fund with same or similar purpose;
- Can be initiated by a donor or requested by a University department, unit, etc.;
- Supporting documentation, such as a gift/pledge agreement, letter of intent or email, outlining donor intent, gift amount and payment schedule, and terms and restrictions should then be forwarded to the Office of Stewardship and Donor Relations who will review and submit request to the Office of Financial Affairs for account establishment.
- Documentation from the donor, such as a gift/pledge agreement, letter of intent, or email stating the amount, purpose and, if indicated, payment schedule is needed;
- Fund balance is available for immediate expenditure

## **VII. NAMINGS**

Naming opportunities offer the highest form of public recognition available at the University, and celebrate the generosity of donors whose support is invaluable to the ongoing mission of the University. This form of recognition not only demonstrates institutional appreciation of donors, but also educates a broader constituency about the impact and importance of philanthropy on the strength of the University.

### **General Policies**

The naming of any Boston University endowed fund, program or center, as well as any Boston University space or facility requires formal approval by the Executive Committee of the Board of Trustees.

#### **Named Endowed Funds, Programs, Centers**

Donors are afforded the opportunity to have a name permanently associated with an endowed fund at the University.

- See Endowed Fund Minimum Gift Levels, page 18.
- Specific naming opportunities and corresponding minimum gift levels are determined by the respective Dean and Senior Vice President of Development and Alumni Relations, in consultation with the President and Provost.
- Documentation of the gift and/or signed pledge associated with the naming must be submitted to the Office of Stewardship and Donor Relations who will prepare the request for presentation to the Executive Committee of the Trustees.

#### **Named Spaces and Facilities**

Donors are also afforded the opportunity to have a name permanently associated with a space or facility at the University. The approximate size of a gift required to name a space will be roughly one-half of its private construction or renovation cost, to be determined on a case by case basis by the President, Dean, Senior Vice President for Development and Alumni Relations, and Senior Vice President of Operations

- Specific naming opportunities and corresponding minimum gift levels are determined by the respective Dean, Senior Vice President of Development and Alumni Relations, and Senior Vice President of Operations or their designees.
- Naming may take place when accompanied by gifts received that cover fifty percent (50%) of the fundraising target for the creation of a new facility.
- Naming may take place when accompanied by gifts received that cover fifty percent (50%) of the fundraising target for the renewal or renovation of the facility.
- Naming requests must be accompanied by supporting documentation that outlines the donor gift and terms and the specific space or facility to be named and submitted to the Office of Stewardship and Donor Relations who will prepare for Executive Committee review.
- Strictly honorific naming of spaces or facilities without fundraising will normally not be approved.

### **Plaques**

Plaques may be displayed to recognize the named space or facility once 50% of the funding has been received and the naming request has been approved by the Executive Committee. The Offices of Stewardship and Donor Relations and University Operations should be contacted to assist with determining plaque text, size, design, material and placement.

- Plaque size should be appropriate to the size of the gift
- Plaque design should be consistent with University policies for branding and signage and the architecture of the new or renovated space.
- Proposed wording and format for plaque should be reviewed by the Office of Stewardship and Donor Relations prior to ordering.

Removing names from existing property requires the approval of the President and University General Counsel.

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## VIII. GIFT PROCESSING AND CREDITING

### Gift Processing

Gifts received to Boston University must comply with both IRS regulations and Boston University policies. IRS Charitable Contributions Guidelines can be found at <http://www.irs.ustreas.gov/pub/irs-pdf/p1771.pdf>. And all gifts to Boston University must be processed through the Office of Gifts and Records.

### **Documentation Requirements**

In order to help ensure that the University complies with donor intention, documentation for gifts of \$1,000 or more submitted to the Office of Gifts and Records should include:

- A clear statement of the donor's intention for to making a gift and all supporting documentation provided by the donor;
- A Gift/Pledge Transmittal form from the school or college or development officer who received or is associated with the gift;
- For a new endowed fund, a donor signed fund agreement including, if not funded at once, a pledge payment schedule.

### **Gift Returns**

Any return of gifts to donors at their request requires approval by the Senior Vice President of Development and Alumni Relations and the President. Tax notification must be sent by the Treasurer if the gift returned is in a prior tax year. In this instance, the donor's social security number is needed.

### **Reporting Requirements**

All gifts of \$5,000 or more are reported to the IRS on the University tax return and therefore can not be totally anonymous. Gifts of \$500,000 or more from foreign donors must include donor name and address and be reported to the Office of Sponsored Programs twice a year for the University to inform the Department of Education.

### **Calendar Year End Procedures**

Calendar year end deadlines should be made available to all donors in a timely manner.

- **Cash and check gifts** intended for the calendar year must be received at the University by December 31 or the last business day in December.
- **Credit card gifts** intended for the calendar year must be charged to the donor's account by 11:59 pm (PST), December 31.
- **Securities and mutual fund gifts** intended for the calendar year must be received in Boston University's broker (currently State Street Brokerage) by December 31. In general, mutual funds take longer to transfer than other types of securities.
- **Gifts-in-kind** intended for the calendar year must be approved and received on campus by December 31.
- **Gifts of property** intended for the calendar year must be approved and paperwork (title, etc.) received on campus by December 31.

### **Fiscal Year End Deadlines**

Fiscal year end deadlines are the same as calendar year-end deadline except they relate to the last business day in June.

## **Gift Crediting**

### **Campaign for Boston University**

All gifts, pledges and grants from private resources will be credited toward the Campaign for Boston University as long as they are received within the campaign timeframe of July 1, 2010 through June 30, 2017 and comply with campaign crediting guidelines. Gifts and pledges solicited and committed in anticipation of the campaign will also be credited.

### **Gift Crediting**

The legal donor is determined from the source documentation, that is, the last entity that transmitted the gift (the name who signed the check, the foundation on behalf of the donor).

Recognition credit, or “soft” non-tax credit, can be recorded for spouses or the person that controls a company or foundation. It is also used for corporate matches and distributions from donor advised gift funds.

In cases where a gift-in-kind appraisal is required, but not submitted, and the gift is accepted, the value of the gift for recognition purposes will be based on the donor’s written valuation. Gifts-in-kind received to Boston University without appraisals or donor’s written valuation are booked at \$1.

### **Receipting for Tax Purposes**

The Tax Act of 1993 requires all charitable organizations to provide receipts for contributions of \$250 or more. The Office of Gifts and Records, as a matter of policy, receipts all gifts to Boston University. Receipts make a statement as to whether the University provided any goods or services (benefits) and/or a description and good faith estimate of the value of the goods and services.

Departments, units or groups sponsoring events must submit to the Office of Gifts and Records, information on the Fair Market Value (FMV) of benefits provided, whether at a cost to the University or received as a donation (see page 9), For gifts to athletic funds, where the donation entitles the donor the right to buy tickets to an athletic event (premium seats), only 80% of the gift, less the cost of the tickets, is a tax deductible donation.

Values for gifts-in-kind are recorded for accounting and donor recognition purposes only. No values for gifts-in-kind, except for publicly traded securities, appear in University receipts or acknowledgment letters. The required signature on IRS form 8283 of the Senior Vice President of Financial Affairs, on behalf of the University, acknowledges receipt of a property only, and is not a concurrence with the fair market value.

### **Memorial Gifts**

Memorial gifts are collected and may, at times, be held in a separate undesignated account. This account should be designated at the end of one year following receipt of the first memorial gift, if not sooner.

### **Gifts Raised from Multiple Donors**

Gifts raised from multiple donors and designated for the University must not be held in outside accounts and should be forwarded directly to the Office of Gifts and Records on a timely basis.

## **Gift Receipting and Acknowledgement**

### **Tax Receipts**

The Office of Gifts and Records acknowledges the receipt of all gifts to Boston University, excluding gifts to WBUR, in writing and in a manner that satisfies the IRS substantiation requirements set forth in IRS Section 170(f) for the deduction of charitable gifts by individual donors. All gifts are acknowledged with an official charitable receipt that includes, at a minimum, the gift amount, gift date and designation of the gift. This document is deemed to be the official acceptance of the gift and its related terms and conditions, as well as official certification of the donation for income tax purposes. Boston University receives, on occasion, payments that are not considered charitable gifts, which would not qualify for tax deductions and hence are not to be receipted (i.e. deferred income accounts).

### **Gift Acknowledgements**

- Gifts of \$25,000 or more are acknowledged by the President and in certain cases by the Senior Vice President for Development and Alumni Relations.
- Gifts of \$10,000 to \$24,999 are acknowledged by the Senior Vice President for Development and Alumni Relations.
- Gifts of \$1,000 or more to any Annual Fund are acknowledged by Annual Fund leadership representatives, or their designees.
- Gifts of \$1,000 or more to Schools/Colleges are acknowledged by the respective Dean and, in certain cases, by the directors or their designees.
- All gifts to other University entities, such as the library, theatre groups, BU Academy, etc., are acknowledged by the respective deans or directors, or their designees.
- Tribute gifts are acknowledged, at a minimum, by central Stewardship and Donor Relations or the tributee's affiliated School or College.

## **IX. DATA STORAGE AND RETENTION**

### **Data Storage**

All donor gift information must be stored in the Development and Alumni Relations gift database.

### **Record Retention**

Back-up documentation for all gift batches must be archived for the IRS mandated time period in the Office of Gifts and Records or the University's contracted off-site storage facility.

Central Files, located in Development and Alumni Relations, contains hard copy files that serve as the central repository of institutional memory. All information in Central Files is confidential and used only by Development and Alumni Relations personnel. Any significant correspondence, emails, or documents, such as pledge agreements, fund agreements, thank you letters, etc., relating to a gift, pledge, or donor intention to make a gift or pledge must be forwarded to Central Files for storage.