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I.7 Gift Acceptance

General Guidance

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General Guidance

A gift restricted by the donor to a particular endowed fund will be placed into the principal of that fund unless the donor specifies in writing* that it is to go into the spending portion.

A gift restricted by the donor for a specific purpose and not a specific named fund will be placed into a restricted fund that most closely matches that purpose unless the only fund which exists that most closely matches the donor's restriction is an endowment in which case it will be placed into the spending portion of that fund unless otherwise directed to the principal by the donor in writing.

A gift which carries no restrictions by the donor except as to campus will be placed into the appropriate campus Chancellor's Undesignated Account.

A gift which carries no restrictions or other guidance and is received at a campus Development Office will be deemed to have been made to benefit that campus and will be placed into the appropriate Chancellor's Undesignated Account or, in the case of gifts received at subunits of an MAU, into that unit's general support account.

A gift which carries no restrictions and is received at the Statewide Development Office or the Foundation Office will be placed into the Foundation's Unrestricted Gift Account (10901). The Foundation Office will review all such gifts carefully to discern if the gift was actually intended to benefit a specific campus or other University entity and if this is the case, will deposit the gift and forward the information to the appropriate campus development office for placement in the proper account and batching in the normal fashion.

A gift or bequest that is restricted by the gift instrument to "The University of Alaska" and for which there is no written guidance from the donor or for which there is not sufficient documentation or donor giving history to conclude that the donor's intention was to benefit a



specific campus within the University of Alaska system, shall be deemed to have been made to the University of Alaska system and shall be administered as a statewide fund.

* This may be accomplished by the donor noting the words “spending portion” on the memo line of the check or by the inclusion of a note from the donor stating their intent that the gift is to go into the spending portion of the fund or to be used for current uses.

Gifts to Endowments

True-Endowments

True endowments are created based on two criteria – Donor Intent (Purpose) and Time.

Donor Intent (Purpose)

To create a true-endowment at the University of Alaska Foundation a donor must require that their gift be maintained in perpetuity. It must be a donor restriction, not a management decision. If the donor is silent about that fact, their gift could go to a quasi-endowment or a restricted fund but not a true-endowment. If a request for funds is made and the request indicates that the funds will be used to build a true-endowment, the donor’s response indicates agreement with the request and the funds can be deposited into a true-endowment.

Time

There must also be intent by the donor to meet the minimum amount required (currently \$25K) to establish the endowment within a specified period of time.

- A single donor (one person/couple/estate making the entire contribution) may take up to five years to create a true-endowment by executing a written pledge agreement that indicates their commitment to contribute \$25K over the period of five years.
- In the case of memorials or multiple donors, contributions must reach the minimum amount required within the same fiscal year to become a true-endowment.

If the minimum amount required is not met within the specified time frames established above a quasi-endowment can be created.

Quasi-Endowments

The University of Alaska Foundation, in consultation with University departments and personnel, may make internal decisions to allocate or designate funds as quasi-endowments, in



order to achieve the institution's initiatives and to serve the needs of its students. A quasi-endowment functions in the same manner as an endowment except that a quasi-endowment is created by the Foundation rather than the external donor. The creation of a quasi-endowment fund may be recommended to the Foundation Board of Trustees. The creation of a quasi-endowment, once made, is considered to be permanent. However, the Foundation Board of Trustees can terminate, discontinue or "invade" a quasi-endowment at any-time, though this is not common practice and to date the Board has never taken this sort of action. The principal can be "invaded", and be placed in a restricted account to be used immediately but the original restriction of purpose for what the money can be used for set forth by the original donor cannot be reduced. Quasi-endowments cannot be merged with true-endowments.

Only in the case where a donor gave an unrestricted gift and the Foundation Board of Trustees designated the gift to be used for a specific purpose can the Board then change the purpose that the money can be used for.

Administrative Fee

University of Alaska Foundation Fee Policy (adopted by the UA Foundation Board of Trustees on May 8, 2006 and effective as of July 1, 2006) states that for endowments established through a single gift the limitation of the minimum amount to establish an endowment (currently \$25K) will be applied before deduction of the Administrative Fee. For endowments established through multiple gifts, the limitation of the minimum amount to establish an endowment (currently \$25K) will be applied after deduction of the Administrative Fee.

See "FEE POLICY" for more information on this fee.

Gifts of Real Estate

UNIVERSITY REGULATION R05.14.01

Policy: Gifts of real estate to benefit the University of Alaska are governed by Regents' Policy and by the Cooperative Agreement between the University and the Foundation. The following is the policy for review and acceptance of such gifts.

Scope: This process applies to real estate or interests in real estate (including patented and unpatented mining claims, and real property interests such as buildings) which are intended as outright or deferred gifts to benefit the University of Alaska or the University of Alaska Foundation. It does not apply to purchases of real estate at less than fair market value or real estate transactions for which donative intent cannot be readily demonstrated.



1. All potential gifts of real estate are to be referred to the Director of the Statewide Office of Development (Director) for management of the gift evaluation process.
2. The Director will accumulate all preliminary information on the gift from the donor (legal description, copies of existing appraisals, maps, tax notices, history of the property, photographs) and any intended restrictions on the gift by the donor.
3. The Director will inform the Director of University Relations at the university campus which is to benefit from the gift. If the gift is unrestricted as to university, the Vice President for University Relations is informed.
4. The Director will forward copies of all information received in step 2, above to the Director of Land Management at the University.
5. Based upon the location and preliminary information about the property, Land Management will provide an estimate to the Director of the costs involved to complete a title search, site inspection, environmental audit, and review of the gift documents.
6. Based upon the cost estimate provided by the Director of Land Management, the Director and the Director of Land Management will determine whether the benefits of the gift outweigh these evaluation costs. If the gift is restricted to benefit a specific university or sub entity thereof, this determination will be made in consultation with the Director of Development or University Relations of the beneficiary entity who will be asked to identify and obligate, in writing, funds for the evaluation costs as well as for the carrying costs of the gift if accepted.
7. If the determination in step 6., above reveals that the benefits of the gift do not outweigh the preliminary evaluation costs, the Director will recommend to the Vice President for Finance (Vice President), or his or her designee, that the gift be rejected. The process will then proceed to step 10., below.
8. If the determination in step 6., above reveals that the benefits of the gift do outweigh these preliminary evaluation costs, Land Management will perform the title search, site inspection, environmental audit and analysis of the property and submit a memo to the Director recommending that the gift either not be accepted or accepted.
9. After reviewing the gift and the recommendation from Land Management, the Director will submit a recommendation to the Vice President that the gift either be rejected or accepted.
10. If the Vice President determines that the gift should be rejected, and if the gift is restricted to benefit a specific University or sub entity thereof, the Vice President's decision shall be conveyed by the Director to the Director of Development or University Relations of the



beneficiary entity who shall, in turn convey the Vice President's decision to the donor. If the gift is not so restricted, the Director shall inform the donor of the Vice President's decision that the gift be rejected.

11. If the Vice President determines that the gift should be accepted, the Vice President shall obtain the final decision from the University President as to whether the gift should be accepted or rejected.
12. If the gift is restricted to benefit a specific University or sub entity thereof, the President's decision shall be conveyed by the Director to the Director of Development or University Relations of the beneficiary entity who shall, in turn convey the President's decision to the donor. If the gift is not so restricted, the Director shall inform the donor of the President's decision that the gift be accepted or rejected.
13. If the gift is to be accepted, the Director of Land Management shall provide a sample deed to be conveyed to the donor by the Director, and shall review the executed deed before it is accepted and recorded to insure it is accurate and shall insure that title insurance is in effect for the accepted property.
14. The university's office of Risk Management is then informed to add the property to its list of insured properties of the University.
15. University accounting receives a copy of the deed so it may be placed upon the University's books. A receipt is prepared for the donor by the Director.

Gifts without Foundation Accounts

Background - Donors often restrict gifts by making notes on checks or solicitation forms. Occasionally such restrictions are for very specific purposes for which no account at the Foundation exists or is expected to be created. Once such a gift is accepted, and no communication to the contrary is made by the University to the donor, an obligation exists to use that gift as restricted in writing by the donor.

For larger gifts, such restrictions can be accommodated by placing the gift in a special holding account where it is identified separately and then spent for the purpose envisioned by the donor. However, for smaller gifts (less than \$100 in size) the cost of separately accounting for and spending such donations becomes time consuming and expensive. The Foundation recommends that such gifts be accepted but that the donor be sent a letter by the Development Office informing them that their gift may not be used as specifically as they have indicated, and that instead, it will be placed in an account as closely related to their restriction as possible. The letter



would offer to return the gift if this approach is not satisfactory. If the Development Office prefers not to write such donor letters "unrestricting" these gifts but instead wishes to accept these smaller restricted gifts and use them in accordance with the restrictions placed upon them by donors, the tracking of such gifts will be the responsibility of the Development Office.

Policy - The following Foundation policy will assist in determining how gifts under both alternatives noted above are to be deposited and managed. It applies to gifts that are restricted by the donor for a purpose for which the Foundation has no account with a similar purpose, or for which we do not expect to establish an account (for example, a gift of \$50 restricted for the purchase of Biology lab equipment; or \$250 restricted for travel for the debate team).

1. **If the donation is \$100 or more** in size, the gift will be placed in the appropriate Restricted Donation Holding Account - UAF (#20750), UAA (#20751), UAS (#20752) and earmarked by the Foundation as to its specific use. The Development Office will have the responsibility of informing the applicable university department of the availability of the money for its use. The Foundation will track the gift into and out of the holding account as it is spent and will annually (after each fiscal year) inform the Development Offices of the specific gifts (and their restrictions) currently in the holding account. Gifts remaining unspent in the holding account after two such annual reports will automatically be considered to be unusable by the University as restricted by the donor and formally redirected, by the close of the next fiscal year, into the Foundation account whose use most closely matches the donor's restriction. The Development Office will be informed of all such intended redirections in advance.
2. **If the donation is less than \$100** in size, the gift will be placed into the appropriate Chancellor's Undesignated Account - UAF (#40825), UAA (#20669), UAS (#20642). Earmarking that gift, keeping track of it within the Chancellor's account, and informing the department of its availability etc., will be the responsibility of the Development Office. Again, the Foundation's recommendation is that you do not go through all this work for such a small donation and instead send the "unrestricting letter," outlined above, to the donor and then place the funds in the existing account which most closely matches the donor's restriction. Failing the sending of this letter, however, the liability for any misuse of donor restricted funds in the Chancellor's accounts will rest with the appropriate University Development Office.

NOTE: College or Departmental Discretionary or General Support Accounts - Gifts under the scope of this policy should not be placed, upon receipt, into College or Department general support or discretionary accounts. Such accounts are solely for gifts restricted by the donor for general support of, or discretionary use by the head of, the respective Department or College. These accounts are not to be used to hold gifts made for more specific purposes.