

UNIVERSITY POLICY

Policy Name:	Donor Gift Policy				
Section #:	40.2.13	Section Title:	<u>Financial Management (Budget, Fiscal, Risk, Travel, & Internal Audit): Fiscal Management</u>	Formerly Book:	
Approval Authority:	Board of Governors		Adopted:	4/2/2012	Reviewed: <u>12/17/2020</u> 12/2018
Responsible Executive:	<u>Executive Vice President and Chief Financial Officer for Finance and Administration and University Treasurer</u>		Revised:	10/10/2013; 6/12/2018; <u>12/17/2020</u>	
Responsible Office:	University Controller's Office		Contact:	finance_helpcenter@finance.rutgers.edu	

1. Policy Statement

The University has designated responsibility to the Rutgers University Foundation for soliciting and administering all gifts and grants from individuals as well as gifts to the University's endowment. Gifts and donations are voluntary and irrevocable transfers of money or property made by a donor without expectation of, or receipt of, direct economic benefit or any other tangible compensation from the donor. All funds acquired according to the terms of this definition must be deposited with the Rutgers University Foundation so that the donor can receive the appropriate acknowledgement and tax receipt.

An administrative fee of 1.25%, 2.5%, 5%, or 10% will be assessed on all outright gift and non-governmental grants (see exemptions below) and pledge payments, made to either Rutgers, The State University of New Jersey ("Rutgers University") or the Rutgers University Foundation ("Foundation"). The purpose of the fee is to fund development efforts on behalf of the University. The fee percentage may be reviewed and revised as needed. The options for methods of payment of the fee are described below.

Gifts and payments on pledges received after October 1, 2006, along with grants awarded from non-governmental sponsors for proposals submitted after October 1, 2006 are subject to the gift fee.

2. Reason for Policy

To provide guidance to faculty and staff concerning the depositing, recording, and acknowledgment of all charitable gifts received on behalf of Rutgers University.

To recognize the substantial increase in the need for private funds to support University priorities and the resulting demand on fundraising efforts.

To establish a fee in keeping with industry standards that helps to recover the increasing costs of the private development efforts.

To define fees, assessment of fees, exemptions, methods of payment, disclosure to donors, and responsibilities with regard to the administration of fees.

3. Who Should Read This Policy

All members of the Rutgers University community.

4. Resources

Rutgers University Foundation Gift Policy Manual

Rutgers University Foundation Gift Acceptance Policies

All standard Rutgers University Foundation fund agreement templates

University Controller's Office: <https://uco.rutgers.edu/>

Rutgers University Foundation: <http://support.rutgers.edu>

5. Definitions

Gifts and donations are voluntary and irrevocable transfers of money or property made by a donor without expectation of, or receipt of, economic benefit or any other tangible compensation to the donor.

6. The Policy

A. Role of Rutgers University Foundation

The University recognizes the critical importance of philanthropic contributions to the continued existence and excellence of Rutgers, The State University of New Jersey. The University has empowered the Rutgers University Foundation ("Foundation") to assist the University in obtaining private gift support and other resources to meet the needs of the University. As such, the Foundation is responsible to ensure that gifts from private external sources:

- are appropriate to the mission of the University;
- do not carry restrictions or conditions that may compromise the University at any time, now or in the future;
- are legal;
- are from donors whose intents are charitable; and
- are administered to protect donors' rights and wishes.

To ensure that contributions comply with University and governmental regulations, all fundraising activities on behalf of the University should be coordinated with the Foundation.

The Foundation is also responsible for acknowledging all gifts on behalf of the University. Any gifts received directly by a University department should be forwarded to the University Controller's Office ("UCO") with all documentation received from the donor that identifies the

donor and the purpose of the gift. For the purpose of acknowledging a gift, the UCO will notify the Foundation of any gifts received directly by the University.

For information about various methods of giving, types of gifts and other fundraising opportunities, contact the Rutgers University Foundation.

B. Legal Issues

The University cannot accept gifts that involve unlawful discrimination based upon race, religion, sex, age, national origin, color, handicap, or any other basis prohibited by federal, State, and local laws, and regulations. The University also cannot accept gifts which obligate it to violate any other applicable law or regulation or which violate the charter or mission of the University.

The University will not accept gifts directed to or for the use or benefit of particular named individuals. These gifts are considered by the Internal Revenue Service as private benefit and not qualifying for the charitable contribution deduction. Gifts that cannot be accepted include contributions for financial aid to a specific student, contributions to provide compensation or other direct benefit to a faculty or staff member, and contributions to an account over which the donor has expenditure control.

The University and the Foundation will adhere to federal law, the Internal Revenue Service Code and its regulations, and State of New Jersey statutes relating to charitable organizations and not-for-profit corporations, particularly the Uniform Prudent Management of Institutional Funds Act.

—C. Purpose and Use of Gifts

The University is responsible for ensuring that contributions are used for the purpose(s) designated by the donor. It is, therefore, important for this purpose to be clearly identified at the time the gift is made. No staff member or representative of the University or the Foundation is authorized to commit to an agreement that is contrary to the University's mission and established policies and procedures or that compromises the ability of University departments and personnel to carry out their assigned responsibilities. The Foundation can assist in working with the donor to clearly establish the intent of the gift.

Endowed gifts must be clearly identified by the donor that the gift is for endowment, in perpetuity or other words that indicate the donor's intent that the gift be permanently retained by the University. These gifts will be invested in the University's endowment pool. These funds are invested in accordance with policies established by the Joint Committee on Investments of the Board of Governors and the Board of Trustees. Income on these funds is allocated annually to each account based on the University's spending rate at that time. Under special circumstances, the University may accept gifts that are to be held or invested in some other manner as approved by the Executive Vice President for Finance and Chief Financial Officer ("EVP&CFO") ~~Administration and University Treasurer ("EVPFA")~~.

To ensure proper use of the funds, any donations or fundraising activities for specific purposes must be recorded in a distinct University account. Departments must request an account from the UCO by submitting the proper new account documentation. Once the account has been established, the UCO will coordinate with the Foundation to transfer all Foundation held funds to the new account.

The University reserves the right to apply a percentage of certain gift funds toward the general costs of operating the institution or the Foundation as specified below ("Aministrative Fee").

D. Gifts of Property

The University and the Foundation will accept gifts of property, including tangible personal property, intangible personal property, and real property.

1. Tangible personal property is any property, other than land or buildings that can be seen or touched such as furniture, books, jewelry, gems, artwork, watercraft, aircraft, and motor vehicles. Livestock, harvested crops, cut timber, and other agricultural products as well as items of business inventory or equipment fall under this category.

Note: Gifts of works of art must be made with the knowledge and/or involvement of The Jane Voorhees Zimmerli Art Museum at Rutgers in New Brunswick or the Stedman Gallery at Rutgers—Camden Center for the Arts.

2. Examples of intangible personal property include patents, copyrights, royalties, installment obligations, insurance and annuity contracts, partnership interests, checks, securities, and other negotiable instruments. Currency is not considered intangible property unless it has numismatic value as a collectible.

Gifts of intangible personal property must be readily marketable and be needed by the university for use in a manner which is related to the purposes for which its tax-exempt status was granted. This type of gift must also promote its tax-exempt purpose.

3. Real property is any property that is attached directly to land, as well as the land itself. Real property not only includes buildings and other structures, but also rights and interests. Gifts of real property must be approved by the EVP&CFOFA in consultation with the Office of the Senior Vice President and General Counsel with the advice of the Gift Acceptance Committee of the Rutgers University Foundation.

E. Administrative Fee

1. Definition of Fees

Assessment fees apply to all cash gifts and nongovernmental grants that meet the definition of a gift as outlined by the Internal Revenue Service; exemptions are listed below in Section IV.

~~A.~~ A 1.25% assessment will be levied on all gifts of \$25,000,000 or more, and all pledge payments on pledges of \$25,000,000 or more received by either Rutgers University or Rutgers University Foundation.

~~A.B.~~ A 2.5% assessment will be levied on all gifts of \$10,000,000 or more, and all pledge payments on pledges of \$10,000,000 or more received by either Rutgers University or Rutgers University Foundation.

~~B.C.~~ A 5% assessment will be levied on all gifts of \$10,000 or more, and all pledge payments on pledges of \$10,000 or more received by either Rutgers University or Rutgers University Foundation.

~~C.D.~~ A 10% assessment will be levied on all gifts of \$9,999 or less, and all pledge payments on pledges of \$9,999 or less received by either Rutgers University or Rutgers University Foundation.

2. Assessment of Fees

- A. Fees will be assessed upon receipt of gift and apply to all cash gifts, gifts of securities, pledge payments, and nongovernmental grants.
- B. Deferred gifts, such as charitable gift annuities, trusts and bequests will be assessed only at the time they are realized.
- C. If a donor expresses the desire to be exempt from the fee, departments, schools,

or units may opt to cover the cost of the gift assessment fee for the sake of good donor relations.

- D. Grants received from non-governmental sponsors, such as corporations and foundations will be assessed as follows:
1. The gift assessment fee of 1.25%, 2.5%, 5% or 10% will be applied to all awards received from foundations and other private not-for-profit sponsors, except where there are pre-existing published guidelines that prohibit it.
 2. If the gift assessment fee is allowable, it must be added to the proposal budget after the direct and indirect Facilities and Administrative costs ("F&A") have been applied.
 3. All grant applications must also include the full applicable and available F&A costs, in accordance with standard policy of the Office of Research and Sponsored Programs ("ORSP").
 4. If the assessment fee is not allowed by the sponsor, but the F&A is, the fee will be deducted from the F&A granted in the award. The remainder of the F&A will be split according to the indirect cost recovery formulas already in place.
 5. If the F&A awarded is less than the assessment fee due, the entire F&A will be distributed to the Rutgers University Foundation, and the assessment fee will be considered paid in full for the grant.
 6. In the event that neither the assessment fee nor F&A is allowable *and* there are pre-existing published guidelines to that effect, then the grant will not be subject to the assessment fee.
- E. The University does not condone and will not approve or support the establishment of additional gift assessment fees by schools, departments, institutes, centers, programs, and other units existing within Rutgers, The State University of New Jersey.

3. Disclosure to Donors

Proposals, fund agreements, gift receipts, and stewardship reports will inform the donor that a portion of the gift received will be or has been allocated to the cost of fundraising, when applicable. Specific fees should be detailed in proposals and fund agreements. Donors will receive credit for the full amount of their gifts. Oral disclosure of the fee is encouraged at the time of solicitation but should not be relied upon as the sole method of disclosing fee specifics.

An appropriate disclosure language for fundraising literature or letters regarding gift purposes is as follows: "A portion of all donations will be used to further advancement efforts on behalf of Rutgers."

4. Exemptions

Fees will not be assessed on:

- A. Documented gift agreements (including documented pledges) executed prior to the original date of this policy, October 1, 2006.
- B. Non-cash gifts (gifts-in-kind) made to the University that are to become inventoried useable assets of the University.
- C. Membership fees
- D. Cost sharing
- E. Gifts from active and retired faculty, including self-identified part-time faculty (such as lecturers)
- F. Gifts from active and retired staff, including self-identified part-time staff
- G. Gifts and grants from foundations and corporations with pre-existing published guidelines, authored by the foundation or corporation, that prohibit the payment of

administrative fees to any organization (not just to Rutgers University or RUF).

5. Methods of Fee Payment

- A. Fees from the gift principal for all individual gifts to endowment and to current use funds will be deducted at the time the gift or pledge payment is transferred to the University.
- B. Donors may elect to provide for the fee by making an additional gift equivalent to the fee.
- C. When the terms of the gift specifically disallow fees or cost recovery, the academic unit benefitting from the gift may pay the fee from another discretionary departmental funding source, rather than the fee being deducted from the gift principal. University Accounting and/or Foundation Accounting will hold the gift in an undistributed cash account until notified in writing by the benefitting department of the account to be charged the fee.

6. Responsibilities

- A. Departmental
 - All gifts should be submitted to the Rutgers University Foundation for processing in accordance with University policies and procedures, with instructions regarding the source of the fee payment (donor, department, exemption, etc.).
- B. Office of University Finance and Administration
 - Oversight of policy
- C. Rutgers University Foundation
 - Inform potential donors of the fee via proposal and in personal discussion.
 - Issue gift receipts with the statement informing donors of the fee policy.
 - Utilize the revenues generated by the fee to provide services and fundraising resources to the entire University community.
 - Process all gifts in accordance with University policies and procedures, working in consultation with University Accounting to report on and assess gifts and fees.
 - Assist faculty in identifying sponsor fee policies, if applicable.
 - Confirm as authorized RUF officials on ORSP automated endorsement form, signifying RUF approval of the budget and applicable fee assessments included (or not) in a grant application.
 - Include notification of fees in reporting, as needed.
- D. University Controller's Office
 - Record the fee in the appropriate expense account by department/unit and transfer the fee to the RUF.

7. Assistance

- A. Questions regarding this policy and the application of fees on University accounts may be directed to the University Controller's Office at 848-445-7449 or finance_helpcenter@finance.rutgers.edu.
- B. Questions regarding this policy may be directed to University Finance and Administration at (848) 932-2483 or budget@finance.rutgers.edu.
- C. Questions regarding grant applications may be directed to the Office of Research and Sponsored Programs at sponpgms@orsp.rutgers.edu.
- D. Questions regarding processing the gift fee on grant awards may be directed to Grant and Contract Accounting at 848-932-0165 or dgca1@ored.rutgers.edu.
- E. Questions regarding gifts may be directed to the Office of the Chief Financial

Officer of the Rutgers University Foundation at 848-932-7777 or
rufoundation@ruf.rutgers.edu.

F. Applicability and Authority

The Board of Governors of Rutgers, The State University of New Jersey, has approved this policy and delegates responsibility for its administration and adherence to the Executive Vice President for Finance and Administration and University Treasurer (EVPFA) and Chief Financial Officer (“EVP&CFO”) and to the President of the Rutgers University Foundation and Executive Vice President for Development and Alumni -Engagement Relations. Periodic review and revision of the fee percentage or other administrative changes are subject to approval by the University Board of Governors.