WILLIAM PATERSON UNIVERSITY
FOUNDATION

Gift Acceptance Policy
Approved by the William Paterson Foundation
December 10, 2013

Amended February 14, 2017

The William Paterson University of NJ Foundation, Inc., (the Foundation), accepts many types of gifts including cash, securities, tangible personal property, transfers of securities, insurance and real estate. The Foundation solicits and accepts private gifts and grants on behalf of William Paterson University of New Jersey, which enables it to fulfill its mission of teaching, scholarship and community service. As such, because of the unique nature of some assets, the Foundation reserves the right to accept or refuse a gift based on the mission of the University.

It is the policy of the William Paterson University Board of Trustees and the William Paterson University of NJ Foundation that information regarding its donors and other constituents be considered and handled with discretion and confidentiality. As such, the Foundation adheres to the Donor Bill of Rights which was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP) in November 1993.

Purpose

This policy has been developed for the following reasons:

1. complete and accurate reporting of gifts and pledges;
2. compliance with IRS regulations and acceptable business practices;
3. guidance for persons involved in donating, gift solicitation, recording, and management of gifts for the Foundation and the University;
4. that gifts are appropriate to the mission and needs of the Foundation and the University and impose no undue financial burdens or obligation on the Foundation or University and;
5. that restricted gifts are written in reasonably broad and flexible terms to maximize their usefulness to the Foundation and the University and include language that permits the Foundation and University to apply the gift to a related purpose in the event that the designated purpose is no longer practical, necessary, or able to be performed;

The policy applies to all members of the Foundation and to all parts of the University, including all entities or associations under the University's 501(c)(3) designations such as schools, departments, interdisciplinary programs, centers, institutes, auxiliaries and libraries. This policy is not applicable to faculty seeking research state and federal contracts and grants but it is applicable to faculty seeking research grants and contracts from private corporations and foundations.

General Principles

1. All gifts must be approved by the Vice President for Institutional Advancement in accordance with this policy.
2. University members not employed in the Foundation or the University's Institutional Advancement , i.e., Faculty members and staff, auxiliaries, departments etc., must consult with the Vice President for Institutional Advancement and must have approval from that office prior to accepting a gift even if no restrictions apply;
3. All gifts received by University members outside of the Foundation or the University's Institutional Advancement department must supply written documentation of the Gift received.
4. All gifts must be memorialized in the form of an acceptable written document.
5. All gifts and records thereof are confidential.
6. This policy will be read consistent with the University Naming Policy.
7. All gifts from employees of William Paterson University must follow the New Jersey State Ethics Guideline, http://www.wpunj.edu/dotAsset/288675.pdf.

Gifts

Gifts are motivated by philanthropic intent and are irrevocable transfers of assets. The Foundation follows the capital campaign guidelines as set forth by the Council for Advancement and Support of Advancement (CASE).

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 by the Foundation for the value of the gift. Gifts may be either restricted or unrestricted in purpose.

1. **Gift Receipts**

   While the IRS requires gift receipts for all donations in the amount of $250.00 and above, the Foundation acknowledges all gifts regardless of the dollar amount. The donor must be informed that "No goods or services as defined by the IRS have been provided by the Foundation as a consideration for making this gift", if that is the case. If a benefit is exchanged in conjunction with a gift, such as admission, event fees, etc., the donor's tax deduction is reduced by the fair market value of the benefit.

2. **Cash/Checks**

All checks should be made payable to "William Paterson University Foundation, Inc." and sent to William Paterson University, Hobart Manor, 300 Pompton Road, Wayne, NJ 07470.

3. **Credit Card Donations**

The William Paterson University Foundation accepts Visa, MasterCard, Discover and American Express via its website. Wireless transfers are accepted as well.

4. **Gifts of Securities**

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

Generally, the Foundation will sell securities 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 the gift is received.

A receipt is 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 internal valuation date of gift on a securities transaction depends on the type of delivery used. When securities are electronically transferred (DTC system) from the donor's brokerage account to the brokerage account for the Foundation, the gift date is the date the securities are credited to the Foundation account. If the security is personally delivered, the gift date is the day the stock certificate is physically received by a representative of the university/foundation. If the securities and related documentation are mailed, the gift date is the postmark on the envelope.

Gifts of mutual fund shares are also acceptable; however, transfers of this type take longer to complete as many mutual funds are not DTC transferable. The date of gift on mutual fund shares will be determined in the same manner as for publicly traded securities.

Gifts of bonds are acceptable as well. They have a closing value each day, therefore, to the internally recorded value of this type of gift is based on the average of the closing value the day before and the day of the donation. If the bond did not trade on one or the other of those days, the average of the nearest two days is used.

5. **Non-Traditional Investments (Closely Held securities)**

Before a gift of closely-held stock can be accepted, the Foundation will request approval to accept the gift from the Vice President for Institutional Advancement and the Vice President for Administration and Finance, in consultation with the Foundations' external auditing firm. Information required for proper review of the gift 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. The date of the gift will be determined based on the type of delivery that is made.

It is the donor's responsibility to have the gift appraised for the appropriate gift value and provide the Foundation with the required IRS form 8283 for signature. The Foundation will return the signed form 8283 to the donor and maintain a copy for the files.

The Foundation will record gifts of private equity investments at fair value as demonstrated by the appraisal. For financial recording purposes, a full reserve will be established until those investments are realized.

6. **Real Estate or Personal Property**

The Foundation can, with the advanced approval of the University's Vice President for Administration and Finance, accept gifts of real estate after a thorough review of the usefulness of the property, marketability, existence of restrictions, encumbrances, carrying costs, and fair market value in relation to costs, environmental assessment, and other factors as required.

All appraisals of real and personal property contributed to the Foundation shall be made in accordance with IRS Publication 561. Expenses incurred obtaining an appraisal will be the responsibility of the donor unless special circumstances exist that makes it appropriate for the Foundation to share the cost.

Gifts of real estate must be accompanied by an express understanding that the property may be sold by the Foundation/University at their sole discretion at any time.

7. **Matching Gifts**

A matching gift may be received from a company matching a gift made by an employee, retired employee, etc. Matching gifts are credited to the same account (s) as the original gift unless restricted by the matching company. The donor's giving record is soft credited for the value of the matching gift when received. Potential matching gifts cannot be entered as a part of a pledge the donor makes for future support since those funds are not funds the donor has control of or is irrevocably entitled to receive.

8. **Donor Advised Funds**

Donor Advised Funds (DAF) 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. A donor may recommend that a donor advised fund make a payment from funds the donor has given to the DAF. No receipt is 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.

9. **Tangible/Intangible Personal Property (Gifts in Kind)**

The Foundation can, with the advanced approval of the University's Vice President of Finance and Administration, accept gifts of tangible personal property including equipment, books, art and antiques, etc. The gift must relate directly to the Foundation's and University's activities and mission. The deduction allowable for these types of gifts depends on how long the donor has owned the property, whether the donor created the property, and if it is related to the charitable purpose of the Foundation and William Paterson University. Whether the gift is related or unrelated to the charitable purpose of the Foundation and William Paterson University can affect the allowable charitable deduction a donor may be permitted to claim under IRS regulations.

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 his/her tax purposes and should be documented with an appraisal, sales receipt, or other independent documentation for all gifts where the value is $5,000 or less.

The IRS requires most gifts-in-kind valued at more than $500 to be reported on Form 8283, which the donor must provide to the Foundation. 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. The qualified appraiser should sign Part III of Form 8283 and attach their appraisal. The appraisal must meet IRS requirements regarding the appraiser's qualifications and the methodology used. The cost of the appraisal is the responsibility of the donor. In addition, for internal record keeping purposes, the Foundation requires the completion of the **Gift In Kind** form.

Under no circumstances shall the opinion of an employee of the University or the Foundation be used to establish valuation. (IRS Pub 561: Determining the Value of Donated Property). In those circumstances where the donor is unable or unwilling to supply documentation of valuation, the development officer may submit the best available documentation from a third party source, such as price lists, thrift value, or other evidence of fair market value.

The date of gift for gifts of personal property will be either the date the property's ownership is completely assigned to the Foundation via a deed of gift, even if physical possession will take place at a later date, or when a representative of the Foundation takes possession of the property.

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 by the Foundation.

Gifts of real property must be accompanied by a signed gift agreement that includes an express understanding that the property may be sold by the Foundation/University at their sole discretion at any time.

10. **Gifts-in-kind of services**

Gifts-in-kind of services include, but are not limited to, printing of materials, appraisals, and design work, for example. These services provide valuable support; however, the contribution of services, no matter how valuable, is not tax deductible according to the IRS. Therefore, the Foundation will not issue receipts for gifts of service.

11. **Gifts with Benefits - Fundraising Events**

Fundraising events present an opportunity to secure philanthropic funds. All fundraising activity including events, sponsorships and raffles, must be approved by the Vice President for Advancement prior to the planning and execution of the event. All fundraising events must be coordinated with the Foundation.

Individuals/groups attend fundraiser events where a fee has been paid to attend, (i.e. golf tournament, gala). The event's organizers are required to determine the quid pro quo value (the fair market value of the dinner, green fees, etc.) and the donative value, (the amount above the fair market value of the good or service a donor receives in return for his/her payment). Both values must be put in writing for the event attendees.

A quid pro quo exists when a donor receives goods or services in return for gifts. This information is communicated to the donor through the Foundation's tax receipt which states the fair market value for any goods or services, other than of an insubstantial amount, the donor may have received as a result of a gift. Quid pro quo values for reoccurring fund raising events are reviewed and updated annually. Quid pro quo requirements apply to all gifts, sponsorships, events, and solicitations.

<u>Sponsorships</u>

Corporations and individuals often give money to sponsor activities, events or projects and in return receive recognition online or at the event. In most cases, the money that these entities give counts as gifts and do not constitute advertising. Sponsorships that can also be recorded as gifts should not extend beyond the following benefits for the sponsoring entity:

- Sponsor's location, telephone number and internet address include in recognition, program or display ad
- Value-neutral description of sponsor's products or services, and
- Sponsor's brand/trade name or product/service listings.
- Logos or slogans that are an established part of the sponsor's identity
- Display or distribution (free or at cost) of the sponsor's product at the sponsored event.

Sponsors may not, however, receive the following recognition:

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

Raffle ticket purchases are not gifts under IRS regulations and no credit or gift receipt is issued.

When a donation results in a donor being entered into a game of chance, any donation is nullified.

12. **Pledges**

Pledges are commitments to give a specific dollar amount according to a fixed time schedule.

Pledge commitments must be written, signed by the donors, and include the amount of the pledge, the pledge period, the date of the first payment, and the frequency of payments. In addition, the written pledge must contain a statement of the gifts' designation, purpose and any restrictions. Every effort should be made to keep the pledge payment period to five years or less.

A donor's pledge payment cannot be paid with a closely held stock gift (until liquidated), a payment by a third party, such as a donor advised fund, or a matching gift.

The acknowledgement associated with the pledge shall be removed by the Foundation if for any reason the pledge is not completed within the agreed upon payment schedule or if a new payment schedule is not determined.

Anticipated matching gifts will not be included in pledge amounts, (per CASE standards).

Conditional pledges are a promise contingent upon an event occurring, goal being attained, or another specific requirement being met before a contribution will be made. Conditional pledges are not counted in fundraising totals until the condition is fulfilled.

All pledge agreements must contain the following language, "As with all contracts, the Foundation will honor and abide by its enduring responsibilities and Donor or their legal representatives, including their estates, shall honor and abide by these enduring contractual responsibilities as set forth in this gift agreement."

The Foundation annually reviews pledges in accordance with Council for Advancement and Support of Education (CASE) standards.

13. **Deferred gifts**

The Foundation retains the right to accept or decline any gift made through a will and/or trust.

Deferred gifts will benefit the Foundation at some point in the future. Generally, these gifts are either revocable (can be changed by the donor at any time) or irrevocable (cannot be changed by the donor once the gift is made).

Types of deferred gifts include: simple bequests, charitable gift annuities, charitable remainder trusts, charitable lead trusts, life insurance, retained life estates, or naming the Foundation as the beneficiary of a retirement plan.

Revocable Bequests:

A revocable bequest may be accepted and recorded by the Foundation at its full value only when it is verified in writing that the donor is at least 60 years old. The Foundation may accept revocable bequests from donors age 55-59; however, these bequest intentions will be recorded at a discounted present value.

Bequests of any amount may be accepted as a contribution to an existing fund so long as the terms and conditions of the existing fund so permit.

Unrestricted bequests, where possible, should be encouraged. Restricted bequests should be encouraged in only the broadest applicable terms since the needs and circumstances of the Foundation will change over time. A bequest may be for a specific amount, for a percentage of estate, specific securities or specific articles of tangible personal property.

While a bequest intention 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 and the Foundation will record an individual's known bequest intention as a pledge commitment prior to his/her death for donor stewardship and planning purposes. These intentions are not recorded by the Finance Division of the University until the bequest becomes realized or unless it is legally documented as irrevocable.

Irrevocable Bequests:

A bequest may be accepted and recorded at its full value only when it is verified in writing that the donor is at least 60 years old.

The Foundation may accept irrevocable bequests from donors age 55-59; however, these bequest intentions will be recorded at a discounted present value.

A portion of a naming gift may be in the form of an irrevocable trust or contractual bequest. The Board of Trustees reserves the right to remove names from facilities when the gift remains unpaid beyond an agreed-upon limit or under terms and conditions consistent with Foundation or University policy.

14. Charitable Gift Annuities

A charitable gift annuity (CGA) is a contract between the donor and the Foundation 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 Foundation after the passing of the last beneficiary.

The minimum gift necessary to fund a gift annuity is $10,000 and at least one of the beneficiaries must be 50 years of age when payments begin and a maximum of two lives can be covered.

15. **Charitable Remainder Trust (CRT)**

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. At the conclusion of the CRT, the remaining assets are distributed to the Foundation 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. Acceptance of the CRT by the Foundation is made only after approval by the Vice President for Institutional Advancement and the University's Vice President for Administration and Finance, in consultation with the Foundations' external auditing and the University's legal counsel.

When the Foundation will act as trustee of the CRT, a maximum of two beneficiaries is allowed unless it is a term of years trust. The rates offered on CRT's are based on the projected life expectancies of the beneficiaries.

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 the Foundation.

16. **Charitable Lead Trust**

The Foundation accepts charitable lead trusts (CLT). CLT's provide an income stream for a specific period of time to the Foundation, which 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 reverts to the donor or to other beneficiaries the donor designates. The Foundation will not serve as the trustee of these types of trusts.

17. **Life Insurance**

Gifts of life insurance may name the Foundation as beneficiary of the policy or as both the beneficiary and owner of the policy. No receipt will be issued to the donor unless the Foundation is named as both the owner and the beneficiary of the policy.

The receipt for a life insurance policy that is fully paid that names the Foundation as both owner and beneficiary will reflect the value provided by the insurance company on IRS Form 712.

Term life insurance policies will not be accepted.

18. **Retirement Plan**

The Foundation 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 he/she makes this designation. A receipt will be issued to the donor or their estate when the proceeds are received by the Foundation.

19. **Retained Life Estate**

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 Foundation becomes the sole owner of the property. All such agreements must seek prior approval from the University's Vice President of Finance and Administration

20. **Acceptance and Use of Gifts**

All gifts falling under this policy must be accepted in accordance with the terms and conditions of this policy and any gift accepted in deviation of these requirements shall not create any obligation upon the Foundation or the University.

Donors are encouraged to recognize that over the many years following their gift, the needs, policies, and circumstances of the Foundation can change in unforeseen ways. The Foundation, in consultation with the William Paterson administration, must have the flexibility to fulfill its obligation to make use of the funds in the best interest of the institution and in accordance with the donor intent. Donors are encouraged to avoid detailed limitations and restrictions on their gift, which may limit its usefulness in unforeseen circumstances. In the absence of specific written restrictions to the contrary, any gift or part thereof will be construed to be unrestricted and subject to the needs of the Foundation and University as determined by the Foundation and University Administration and applicable policies. Donors considering restrictive bequests for a specific purpose must consult with the Vice President of Institutional Advancement to determine if the gift is consistent with the mission of the Foundation and the University prior to acceptance.

The Foundation welcomes gifts from faculty and staff members. It also recognizes the donor's right to designate a preferred and/or restricted purpose of his/her gift. Under IRS regulations, a charitable donation must not fall under the control of the donor, and the donor must not benefit personally from the use of the funds. Therefore, all gifts from faculty and staff members must be credited to a unit that is controlled by an individual other than the donor. (If members of the immediate family also work at the University, this prohibition also extends to any accounts that such immediate family member may control.) Faculty and staff members can designate their gift to a unit's discretionary fund that is fully controlled by the unit lead or department chair and can be used to support the research or teaching of any faculty member, including the donor.

21. Endowments

Endowments are established for a minimum of $25,000. Gifts to establish an endowment can be made outright or pledged over a period of time not to exceed five (5) years. New endowments must be invested one complete fiscal year before any distribution will be allowed. The spending policy of the University's Foundation calls for an annual distribution based on a five year moving average of the performance of the Foundation's investable assets. The minimum endowment level will be reviewed by Foundation Board on an annual basis.

Endowments can be for the benefit of student scholarships, faculty development, program support, or other purposes as defined by the University mission such as an endowed professorship, endowed chair, endowed lectureship, etc. (See Naming Policy for complete list of endowment opportunities).

22. Exceptions

Exceptions to this policy must be approved by the Foundation Board of Directors.