**EAST TENNESSEE STATE UNIVERSITY**

[Whatever We Name Our Campaign]

**CAMPAIGN COUNTING GUIDELINES**

**Approved by:**

**Date:**

Confidential

For Internal Use Only

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DEFINITIONS

* **The Comprehensive Capital Campaign**

A specific fundraising program designed to secure an extraordinary level of major, planned, and annual gifts during a specific period of time. In the case of the XXXX campaign, that time period is July 1, 2016 through June 30, 2022.

All tax deductible gifts to any designation made during the campaign counting period (not counted in a prior campaign) will be included in each donor’s total campaign gift.

* **Annual Fund Gifts**

The Annual Fund generally secures annual gifts of up to $10,000 per year from alumni, faculty, staff, and friends of the University. These gifts are unrestricted for current operations, or may be designated for broad operating objectives. The Campaign includes an Annual Fund goal in each active year of the campaign.

* **Major Gifts**

A major gift is generally at least $10,000 outright, or paid in installments of at least $2,000 per year, in addition to the donor’s annual gift.

* **Planned Gifts**

These arrangements generally provide support to the University after the donor’s death. *University policy states that undesignated planned gifts are placed in endowment or used for a capital building project. {Do we have any kind of a policy for these? Does the board want to establish one?}*

General Gift Purposes

* **Current Operations:**  also known as the **Annual Fund**, unrestricted gifts or gifts designated for budgeted University operating needs, which may be used in the current year.
* **Capital:** a gift designated to campus facilities, grounds, or for equipment or programs that do not fall within the University’s current operating budget.
* **Endowment:**  a permanent fund or funds whose principal is invested in perpetuity. A portion of the earnings, based on the Foundation’s spending policy, is allocated each year to support University programs or projects. An endowment fund may have unrestricted income or income whose use is designated by the donor.
* **Funds Functioning as Endowment (*Quasi-Endowment*):** a fund or funds sequestered and invested as endowment at the direction of the Board or the donor, but whose principal may be invaded at the discretion of the University. Income from funds functioning as endowment may be unrestricted or designated. *[Does this match ETSU’s definition of Quasi?]*

Gift Definitions

* **Gift:** a voluntary, irrevocable transfer of cash or other assets to a charity without consideration of compensation at the time of the transfer, or at any time in the future.
* **Unrestricted Gift:** a gift made with no current or future expectations of conditions imposed by the donor, which may be used for any purpose consistent with the mission of the University.
* **Designated Gift:**  a gift made with conditions imposed by the donor and accepted by the University; such a gift may be for current, endowment, or capital use.
* **Holding Designation Gift:** a gift to be held by the University, pending a decision between the University and the donor about the designation of the gift. A designation must be reached prior to the close of the fiscal year the gift is made (June 30).
* **Gift-in-Kind:** an irrevocable, non-cash contribution of tangible property, such as equipment, art, books, collectibles, or antiques, which is approved for acceptance in advance by the University.
* **Grant:** an allocation of assets to ETSU from a foundation, corporation, or government agency. Usually, a grant is made for a specific purpose, for a defined period of time, and delineated by a formal agreement between the University and the donor. Grants are usually subject to reporting requirements.
* **Corporate Matching Gift:** gifts made by companies and corporations who participate in a corporate matching gift program which matches an individual’s contribution to the Foundation. Matches may be counted toward membership in ETSU’s donor recognition programs, if allowed under the donor organization’s guidelines. A donor may request that the designation for a match follow the donor’s original gift designation, unless expressly forbidden by the organization. Matching gifts may not be used to satisfy binding pledges.
* **Pledge:** a signed and dated commitment to make a gift over a specific period of time, generally no more than five years, payable according to the terms set by the donor and accepted by the University. A **binding pledge** is recorded as a receivable on the University’s financial statements and is considered to be legally enforceable. Binding pledges on individuals may not be paid with donor advised funds or with family/personal foundation funds. A **statement of intent** is not recorded by Foundation Accounting and is merely a statement of intended gifts and is not legally enforceable.

Gift & Pledge Guidelines

Gifts to the campaign will be accepted for purposes consistent with the University’s mission. Final authority for gift acceptance rests with the President and the Foundation Board of Trustees. *(Is this correct?)*

The following policies seek to assure that all gifts to ETSU will provide maximum benefit to the University, to the donor, and to the donor’s heirs. Except where stated otherwise, these policies are intended as guidelines. If unusual circumstances suggest the review of a particular gift, the Gift Acceptance Committee (President, VP for Advancement, Chief Financial Officer) will consider the gift and determine whether or not it can be accepted.

The University will seek the advice of qualified legal and financial counsel whenever appropriate. Donors will be encouraged to consult with their own legal and financial advisors when considering special gifts.

All donors to this campaign will be urged to support the priorities identified in the campaign case statement. The following provides guidelines for the transfer of financial resources to the University.

General Guidelines

* All gifts received and pledges confirmed after *Month day, Year, and by Month day, Year,* will receive campaign credit. *[beginning and ending dates of the campaign]* Campaign “credit” is defined as the amount of the gift for which the donor is recognized in campaign materials, publications, and recognition programs.
* Pledges or statements of intent documented in writing and scheduled for payment in full no later than *five*? years from the date of the first scheduled payment will be counted in full at the time of the pledge. However, any portion of a pledge that is to be paid after *Month day, Year* will not be counted in campaign totals. Pledges may be considered for a negotiable payment schedule on a case-by-case basis.
* Pledges are defined to include both binding pledges and statements of intent. A **binding pledge** is recorded as a receivable on University Financial statements and is considered to be legally enforceable. A **statement of intent** is not recorded by Foundation Accounting and is merely a statement of intended gifts and is not legally enforceable. Both are considered countable for campaign reporting purposes. *{This would differ from CASE standards but is a fairly common deviance for institutions who don’t record all non-AF pledges.}*
* All gifts, pledges, and planned gifts to ETSU require written documentation in the form of a *Statement of Financial Commitment* (for major gifts), pledge agreements (for the Annual Fund), or copies of trust/estate/gift documents (for planned gifts). Formal gift agreements are required for all new endowments including those given in bequest form. Pledges will not be counted or entered without proper documentation. All gifts and pledges will be recorded in compliance with IRS regulations and FASB (*or is it GASB for us?)* accounting standards.
* Investment earnings on gifts, even if accrued during the campaign counting period, are excluded from campaign counting and credit in accordance with CASE standards.
* The issue of campaign credit for any gifts that fall outside these guidelines will be submitted for review to the VP for Advancement.
* The VP for Advancement, in consultation with the President and Chief Financial Officer, will review in advance all gifts that may impose unusual accounting or programmatic issues for the University.
* Grants from organizations other than federal, state, and local government will be counted and credited in the same manner as gifts from individuals if they can be considered charitable gifts. *[We’ll need agreement from Accounting to get this info from the University and Research Foundation. Donald & I have agreed on a coding method to count these.]*
* *What more do we want to say about Government grants, if anything?*
* *What more do we want to say about Research grants going to the University?*

Standards of Conduct

* The primary role of Advancement employees is to inform, serve, guide, and assist individuals, families, and organizations in realizing their philanthropic objectives. Employees, including consultants and advisors, shall be paid a salary, wage, or fee by the University and shall never be compensated with a commission on gifts. Finder’s fees will not be paid.
* The Foundation will not knowingly accept gifts that result in an unethical or illegal advantage to the donor or to a third party. In situations where advisors or consultants retained by the Foundation prepare documents or render advice in any form to the Foundation and/or donor to the Foundation, it shall be disclosed to the donor that the professional involved is in the employ of the Foundation and is not acting on behalf of the donor. *[Do we want to include this one?]*
* Gifts that infringe on the University’s established policies and procedures for admission, appointment of faculty and staff, the conduct of teaching or scholarship, construction of facilities, or other such activities will not be accepted.

Gift Counting & Crediting Policies

* **Cash/Credit Card**

Will be counted and credited to the donor at full current value on the date of the gift.

* **Publicly-traded Securities**

Gifts of readily marketable securities will be counted and credited at the full fair market value based on the average of the high and low quoted selling prices on the day the donor relinquishes control of the asset to ETSU.

**Shares of mutual funds** will be counted and credited at the net asset value of the shares on the gift date.

* **Closely-held Securities**

Gifts of securities that are not publicly traded will be accepted at the discretion of the Foundation on a case-by-case evaluation of the conditions affecting the eventual sale of the securities by the Foundation.

Such gifts will be counted and credited at fair market value as determined by a qualified, independent appraiser secured and compensated by the donor.

* **Donor Advised Funds**

Donors may use funds from a donor advised fund to satisfy campaign statements of intent (estimates of giving) but not binding pledges. For campaign crediting purposes, the donor will receive personal campaign credit for gifts directed from a donor advised fund. The donor advised fund shall receive gift (tax) credit.

* **Bargain Sales**

A “bargain sale gift” is one in which ETSU is provided the opportunity to purchase property at less than its fair market value. The gift is deemed to be the difference between the sale price and the market value. A gift of property that is subject to indebtedness is also considered a bargain sale gift. Such gifts impose an obligation on the University — in one case, the purchase price, and in the other, debt repayment. Acceptance of such a gift is subject to prior approval by the University Gift Acceptance Committee.

The donor should be urged to secure competent advice regarding the tax consequences of such a gift. The donor will receive campaign credit for the gift portion (difference between sale price and market value).

* **Corporate Matching Gifts**

Gifts received from organizations and corporations that participate in a Corporate Matching Gift Program will be posted on the organization or company who makes the matching gift. The individual recommending the matching gift will receive campaign credit; the individual’s giving record will reflect inclusion of the corporate gift as “soft credit” and he/she will receive DPT status based on the total gift, although the gift itself will count only once in report and campaign totals.

* **Charitable Lead Trusts**

A lead trust is a gift instrument that provides annual cash payments to ETSU for a set term of years, after which the principal of the trust reverts to the donor’s designated beneficiary.

For campaign counting purposes, *c*haritable lead trusts are counted and credited at the face value of estimated total income stream for the first five years. The remainder value will be estimated by first multiplying initial trust assets times the Applicable Federal Rate (AFR) for the month in which the trust was established. The gift is the aggregate of the annual estimated payouts (income stream) for the first five years (counted as “outright gifts”) plus the discounted present value for the trust term beyond the five-year term (counted as “future commitment”).

Donors will be eligible for a named gift opportunity at the value of the campaign counting income stream plus the discounted value of the remaining years. *{Keep this or not?} {Sunny, is the AFR part correct for valuing?]*

* **Gifts-in-Kind/Tangible Personal Property**

Tangible gifts (art, objects) will be credited to the donor at full fair market value at the time of the gift, contingent upon the University’s acceptance of the gift. Gifts may not have restrictions or limiting conditions, such as requirements concerning sale/perpetual possession of the items.

Gifts-in-kind are generally accepted only if they will be used directly by faculty, students, staff, or other members of the University community or are easily convertible to cash. An in-kind gift does not include the use of software and/or gifts requiring payment to the donor for maintenance of the product.

Tangible gifts valued at $5,000 or more must be valued by a qualified, independent appraiser secured and compensated by the donor. Tangible gifts valued at less than $5,000 will be credited at the donor-declared fair market value (verified internally) or at a value established by a qualified University expert for campaign counting purposes.

* **Gifts of Real Estate**

Gifts of real estate may take the form of an outright, present gift of the donor’s entire interest in the property, or the gift may be subject to a reserved life estate by the donor. Whether the gift is of a present interest or the remainder interest, an independent appraisal is necessary for both tax and campaign counting purposes. Acceptance of a gift of real estate is subject to the prior approval of the Foundation and must satisfy the requirements of the University’s Real Estate Gift Acceptance Policies.

Donors of an outright real estate gift will receive campaign credit for the fair market value of the property, as determined by qualified, independent appraisal, at the time of the gift.

Generally, gifts of real estate will be liquidated on the public market as soon as possible, rather than held and managed for investment purposes, though exceptions which benefit the University may be made.

Gifts subject to a reserved life estate are normally subject to an obligation on the part of the tenant to bear the expenses of the property during life tenancy. The Foundation will ensure that there has been full disclosure to the donor of all possible current and future ramifications of the transaction and will encourage the donor, if appropriate, to include heirs in this discussion.

Life tenancy contracts must include provisions stipulating that the tenant-donor is obligated to maintain the property, that the tenant-donor is financially responsible for its physical upkeep in all respects, that the tenant-donor pays all taxes on the property as well as necessary insurance, and that the tenant-donor does not encumber the property with debt of any kind.

Gifts of real estate that include a split interest with other beneficiaries will be reviewed with particular care before acceptance, and donors and intended beneficiaries will be encouraged to document an agreement with respect to the terms of the eventual sale of the property.

Donors of split-interest or retained life estate will receive campaign credit based on the policies for the counting and crediting of irrevocable planned gifts.

* **Other Property**

Other non-cash property of any description, including mortgages, notes, copyrights, royalties, patents, easements, fractional interests, etc. shall be accepted, counted, and credited at the discretion of the Foundation. Prior to the acceptance of any such property, appropriate inquiry will be made to determine whether it is in keeping with the tax-exempt purpose of the University. The University will decline those gifts in which issues surrounding the donor’s title to the assets would make it difficult to manage those assets.

* **Planned Gifts**

Planned gifts are essential to ETSU’s long-term fiscal health. The ETSU legacy gifts program will actively market a variety of planned gift instruments to selected potential donors, and will conduct a general program of education about planned gifts with all members of its extended family.

Certain charitable gifts are commonly described as “split-interest” or “retained interest” gifts because the gift has both a charitable and a non-charitable part. The charitable part of the gift is usually made available to the University at an undetermined time in the future. The non-charitable part is returned to the donor or passed to designated beneficiaries during the term of the gift, or in the future.

Because the actual use and control by the University of the gifted asset is deferred, the gift value for income tax deduction purposes and for purposes of University accounting is reduced (discounted). In most cases, the discounting is based on the life expectancy of the named beneficiaries or on a defined term of years, as well as interest and/or inflation assumptions. As a result, it is generally considered fiscally prudent for the institution to use the discounted value for internal reporting purposes. The discounted value is the amount which will be counted in campaign totals.

General Policies for Planned Gifts

* No planned giving agreement will be urged upon any donor or prospective donor that would benefit ETSU but take unfair advantage of the donor. Subject to reasonable protection of the University’s interests, the rights and interests of the donor will always come first.
* All prospective donors will be urged to seek the advice of their own professional counsel in matters relating to gift and estate tax planning.
* The acceptance of certain gifts requires prior approval of the Foundation. If a written agreement between the donor and the Foundation is required, the agreement will be signed on behalf of the Foundation by the Vice President for Advancement/Foundation President/CEO.
* In general, planned gifts may not fulfill University objectives for building projects.

*[Should we eliminate this whole page? Most of it is covered earlier in the document.]*

Planned Gift Crediting Policies

* **Life Insurance**

ETSU will accept all or a portion of the benefits of life insurance contracts that have been purchased on the lives of donors or family members. Policies that are not fully paid up may be accepted by the Foundation with the understanding that the donor will make further contributions to cover premium payments, and that the University may cash in the policy if further premium payment gifts are not made.

For policies that name the University as the primary beneficiary only, that is, ownership is retained by the donor/insured; the face value of the policy will be treated as a bequest expectancy.

Gift of Paid-Up Policy:

Gifts of a whole life insurance policy that names the University as both owner and beneficiary will be credited and counted at the face value of the policy for donors *age 60* or older by *Month Day, Year* and at the present value of the policy on the date the gift is made for younger donors. Gifts of other types of life insurance policies that name the University as both owner and beneficiary will be credited and counted at the cash surrender value **[*or PV?*]** of the policy on the date the gift is made. *[This is an exception to CASE Guidelines but provides more fair treatment for irrevocable gifts of life insurance as compared to revocable bequests of life insurance.]*

* **Estate Distributions/Realized Bequests**

Distributions from estates and trusts received by ETSU during the campaign counting period will be counted and credited at their actual value on the date received if the distribution has not been counted or credited in a previous campaign. Distributions to be received, if confirmed by the estate’s executors, will be counted as bequest expectancies.

Unacceptable gifts from donor estates (e.g. real estate with environmental hazards) will be disclaimed by the Foundation in consultation with the Gift Acceptance Committee.

* **Bequest Intentions**

Individuals who are *age* 65or older by the end of the campaign counting period, will receive campaign credit for properly documented bequest intentions at the face value of the bequest.

Individuals who are age *60- 65* by the end of the campaign counting period will receive campaign credit for properly documented bequest intentions based on the present value of the bequest. Bequest intentions from individuals age *59 or younger* will not count in this capital campaign but may be considered for credit in a future campaign.

* **Charitable Gift Annuity/Deferred Payment CGA**

The Charitable Gift Annuity (CGA) is a contract between the donor and ETSU in which the Foundation agrees to pay the donor a fixed or variable income for life in exchange for a gift of cash or securities. The level of income is dependent on the age of the beneficiary and the size of the gift. *ETSU will voluntarily adhere to the maximum rates recommended by the American Council on Gift Annuities. (Is this true?)*

The Deferred Payment CGA is similar to the CGA, except that the donor/beneficiary agrees to defer receiving the annuity income until some future date (often coinciding with retirement). This gift type appeals to younger donors who have a high current income and need the benefit of a current tax deduction, but are also interested in providing for future income needs. A beneficiary may participate at any age as long as the income payments are deferred for a specific number of years from the date of the gift.

The annuitant must be age *60* (except for Deferred Payment CGA — see below). The preferred minimum gift to establish a CGA is *$XX,000*; the donor will receive campaign credit for the allowable charitable deduction of the gift on the date the gift agreement goes into effect.

Donors or beneficiaries of a DPCGA must be at least *age* *30* and should establish the DPCGA with a preferred minimum gift of *$20,000*. Whatever the age of the donor, they will receive campaign credit for the allowable charitable deduction of the gift.

* **Charitable Remainder Trusts**

A Charitable Remainder Trust (CRT) is a separately invested irrevocable trust the donor creates by designating a person or persons to receive income payments for life or for a term of time. Income is based on a percentage of trust assets valued each year, and can be structured to be fixed (charitable remainder annuity) or fluctuating (charitable remainder unitrust). When the trust ends, the principal is distributed to a charity. For a CRT gift to ETSU, gift and campaign credit will be equal to the *discounted value of the gift for donors of any age.*

* **Pooled Income Fund**

Similar to a mutual fund in that gifts from different donors are comingled for investment purposes, ETSU’s Pooled Income Fund (PIF) provides the participant with variable income for life based on the number and performance of shares in the Fund. Gifts to the PIF may be funded with cash or securities, but not with real property. The minimum initial contribution to the fund is $*10,000*; donors may add to the Fund in $*5,000* increments. The minimum age for participation in the Fund is *55*. Donors will receive campaign credit based on the discounted present value of the gift.  *{Do we even offer this?}*

Campaign Reporting Guidelines

Pyramid – Donors needed vs. obtained at each giving level

Category – Outright gifts; Payments on Pledges; Pledge Balances; Irrev. Planned; Revocable Planned

Campaign Objective – Capital, Endowment, Operating vs. Goal

College/Program Objective – Capital, Endowment, Operating, perhaps by specific objective