

UC Davis Policy and Procedure Manual

Chapter 260, Gifts and Endowments

Section 25, Gift Processing and Acknowledgement Procedures

Date: 8/5/08

Supersedes: 11/6/98

Responsible Department: University Relations

Source Document: UC Development Policy Manual

I. Purpose

This section describes the policy and procedures for processing and acknowledging gifts made to UC Davis through the UC Davis Foundation or the Regents of the University of California.

II. Definitions

- A. Department/department head—the unit or head of the unit benefitting from the gift.
- B. Gift-in-kind—personal or business property (excluding securities or real property) that are reported at fair market value as determined by a qualified appraiser or other reliable market indicator.
- C. Pledge—gift to be paid in installments over a period of no more than 5 years.
- D. Securities—stocks, bonds, insurance policies, or promissory notes.
- E. Quid pro quo—tangible or intangible good or services having a determinable fair market value and provided to a donor in a transaction involving the donor's charitable contribution.

III. Policy

- A. Before processing any gift, the Dean or Vice Chancellor must accept the gift on behalf of the department, subject to official University acceptance by University Relations (see Section 260-15).
- B. Gifts shall be processed using the appropriate gift form as follows:
 - 1. Gifts payable to The Regents are processed on form UDEV 100-3.
 - 2. Gifts payable to The UC Davis Foundation are processed on form UCDF 100-4.

IV. Gift Acknowledgement

- A. An acknowledgement shall be sent to the donor when a gift is received.
- B. Acknowledgement shall not state that the gift has been accepted.
- C. The acknowledgement letter shall contain the following information:
 - 1. Dollar amount of the gift.
 - 2. Date the gift was received.
 - 3. Clear and specific description of the donor's intended use for the funds, taken directly from the donor's instructions when possible.
 - 4. Proper "no goods and services" and gift fee disclosures.
- D. The acknowledgement letter shall adhere to IRS substantiation guidelines.

V. Procedures for Gift Reporting

- A. Cash, check, or credit card gifts made to The Regents.
 - 1. The department head or designee shall determine that the funds received fall within the definition of a gift (see Section 260-15), and that the purpose of the gift is acceptable.

- a. If the check includes payment for the purchase of an item or donor recognition item (e.g., tickets to fundraising events, auction items) in addition to the gift, contact Gift Administration for assistance.
 - b. If the check does not meet the definition of a gift, see Section 330-55.
 2. Verify that the check is made payable to The Regents of the University of California.
 3. Date stamp all donor correspondence.
 4. Endorse any check with an official endorsement stamp and make two full-size copies for attachment to the gift form.
 5. Prepare a Statement of Cash Collections (SCC) for deposit of the cash or checks to the appropriate cash undistributed account.
 - a. Account 1160120, object code 0630 for Davis campus units.
 - b. Account 1160500, object code 0630 for UCDHS units.
 6. Send written acknowledgement of receipt of the gift to the donor (see IV, above).
 7. Complete UDEV 100-3, purchased from UCDBuy, according to the instructions at <http://as.ur.ucdavis.edu/giftmaterials.aspx>.
 8. Attach the following to the completed form:
 - a. Original and one copy of donor's transmittal letter that includes donor's written instructions. If there is no transmittal letter, one of the following must be attached:
 - 1) Specific correspondence from the donor referencing the gift and its intended use.
 - 2) Copy of proposal or solicitation letter used to solicit the gift.
 - 3) Remittance device (check stub) instructions with terms and conditions matching those reported by the department.
 - b. Two copies of the check or credit card transaction slip.
 - c. Two copies of letter of acknowledgement sent to the donor.
 9. Route the completed forms for the following signatures:
 - a. Vice chancellor, vice provost, or dean, or authorized designee (see Section 260-15).
 - b. Gift Administration, University Relations.
 10. Gift Administration reviews the gift form for completeness.
 - a. Gift Administration will notify the department of the need for additional documentation when a gift of \$1,000 is not adequately supported by donor instructions. The department must submit the appropriate documentation within 5 days.
 - b. When appropriate, Gift Administration will forward the gift form to the Office of Research, Scholarship Office, or other appropriate office for signature, comment, or review.
 11. Gift Administration shall arrange for formal acceptance by the Chancellor (or designee), or the President or Regents as required.
 12. Accounting and Financial Services transfers the deposit from the cash undistributed account to the expenditure account and the appropriate gift fee to the designated account.
- B. Cash, check, or credit card gifts, or pledge payments made to the UC Davis Foundation

1. Complete UCDF 100-4, available at <http://as.ur.ucdavis.edu/giftmaterials.aspx>.
 2. Attach the following to the completed form:
 - a. One copy of the check.
 - b. Original donor correspondence.
 - c. One copy of the acknowledgement letter.
 3. Forward the form and attachments as described in V.A.9, above.
 5. Send written acknowledgement of receipt of the gift to the donor (see IV, above).
 4. Subsequent payments on pledges shall be forwarded to Gift Administration with a completed UCDF 100-4 as described above.
- C. Pledges and pledge payments to The Regents
1. The donor submits the pledge in writing, including the following information:
 - a. The total amount of the pledge.
 - b. The purpose of the pledge.
 - c. The expected payment schedule.
 - d. The planned payment amounts.
 2. The department head determines that the donor correspondence is complete and that the terms are acceptable.
 3. The department reports the pledge on UDEV 100-3.
 - a. Enter the total amount of the pledge in Box 11 and the amount of the initial payment received in Box 12. If no initial payment is received, leave Box 12 blank.
 - b. Subsequent payments on pledges do not require completion of additional an UDEV 100-3.
 4. Send written acknowledgement of each pledge payment received to the donor (see IV, above).
 5. Deposit all pledge payments as described in V.A.1-6, above, forwarding one copy of the check, SCC document, donor letter, and acknowledgement letter to Gift Acceptance for each payment received.
- D. Gifts-in-kind
1. Departments shall first consider possible implications regarding storage, maintenance, licensing, and other possible expenses related to gifts-in-kind before reporting.
For gifts of software, contact the Purchasing Department regarding licensing.
 2. Acknowledgement letters for gifts-in-kind shall not state the value of the gift.
 3. If not already submitted by the donor, the department shall provide IRS Form 8283 for the donor's completion of Section B.
 4. Complete the gift form, entering the estimated value of the gift in box 13.
 - a. If a formal appraisal is provided by the donor, use the value supplied in the appraisal.
 - b. If the donor or an appraiser provides a value on Form 8283, use the value noted on the form.

- c. If the value of the gift is greater than \$5,000, the value must be established through an independent appraisal and the appraiser must sign Form 8283. University Relations must also sign Form 8283.
 5. Attach the following to the gift form:
 - a. The original 8283 with Section B completed by the donor.
 - 1) If Form 8283 is provided by the donor at a later date, forward a copy of the gift form with the original 8283 attached to Gift Administration when received.
 - 2) If the gift is still in the possession of the University when Form 8283 is received, note "gift not sold" on the copy of the gift form.
 - 3) If the gift was already sold when Form 8283 was received, note "gift sold," the month/day/year of sale, sale price, and RDB number if the gift was an animal (see Section 340-30) on the copy of the gift form.
 - b. Copies of any formal appraisals supplied by the donor.
 - c. Any other documentation of the estimated value of the gift.
 6. Gift Administration shall complete the necessary information on Form 8283, sending the original to the donor and retaining a copy.
 - a. If Form 8283 is received after the gift form has been processed, Gift Administration shall verify that the gift value originally provided agrees with the information submitted on Form 8283.
 - b. If the value noted is different, Gift Administration shall change the previously reported value to agree with the official appraised value and notify the department of the change.
 7. The department shall immediately notify Gift Administration if a gift-in-kind is sold.
 - a. Reports of sales shall be made on the processed gift form, noting "gift sold," the month/day/year of sale, and sale price.
 - b. For sales of gifts of animals, see Section 340-30.
 - c. Gift Administration shall complete IRS Form 8282 and submit to the IRS within 125 days of the sale. Copies of the form shall be sent to the donor and the department.
- E. Securities
1. If securities are proffered by a donor or received by a department, the department shall immediately notify Gift Administration to determine if the securities can be accepted.
 2. If acceptable, a copy of the donor's instructions for the transfer including number of shares, name of donor, name of the security, and purpose of the gift shall be forwarded to Gift Administration.
 3. Securities shall be transferred directly to the University by the donor's broker in one of the following ways:
 - a. Through a Depository Trust Company (DTC) transfer.
 - b. Through transfer of original certificates.
 4. Acknowledgement letters for gifts-in-kind shall not state the value of the gift.
- F. Bequests and testamentary trusts
- The department shall forward any requests for information regarding bequests to the Executive Director—Planned Giving.

G. Real property

The department shall contact the Executive Director—Administrative Services and the Director—Advancement Services regarding the offer of real property.

H. Deferred gifts

Potential gifts of insurance, charitable remainder trusts, or other types of deferred gifts shall be discussed with the Executive Director—Planned Giving before any action is taken by the department.

I. Corporate matching gifts

1. The department shall attach the original company match form and the donor's gift to a gift form and forward to Gift Administration.
2. The department shall forward any matching company check received to Gift Acceptance.

J. Gifts for research

1. Gifts must be reviewed by the Office of Research to determine, in collaboration with University Relations when appropriate, if the donation constitutes a gift or grant.
2. If the donor designates a specific principal investigator or research project for a gift exceeding \$500, the principal investigator must complete and submit Form 700-U.
3. An Addendum to Statement of Economic Interests must be completed by any principal investigator holding financial interests in the sponsor company.
4. The gift shall be processed as described in V.A, above.

K. Gifts involving quid pro quo benefits

1. Quid pro quo valuation
 - a. The department is responsible for determining the fair market value of the benefit offered.
 - 1) The department may use any reasonable method to determine fair market value so long as the method is applied in good faith.
 - 2) The department shall document the method used to determine fair market value.
 - 3) The fair market value of goods or services that are generally not commercially available may be estimated by looking at similar or comparable goods and services, even if they do not have the unique benefits of the goods or services provided.
 - 4) The fair market value shall be based on the cost to the donor to obtain the same or similar goods or services. The cost to the department has no bearing on the fair market value.
 - b. Newsletters or other publications that are not of commercial quality do not have measurable value as long as the primary purpose is to inform members about the activities of the department or program and they are not available to the public through subscriptions or newsstands.
 - 1) Publications containing articles written for compensation and that accept advertising are considered commercial quality publications.
 - 2) Professional journals are considered commercial quality publications.
 - c. The fair market value of advertising space in a publication as a benefit of membership must be deducted from the total payment if any of the following is true:

- 1) The same or similar space in the publication is offered for sale to others at a predetermined amount.
 - 2) The donor receives an unfair competitive advantage as a result of the ad.
 - 3) There is no donative intent.
 - 4) The ad mentions specific products, services, or costs.
- d. When the quid pro quo benefit involves a membership, the benefitting department shall submit the proposed terms of the membership, the fair market value of the membership, and all program solicitation and acknowledgement materials to Gift Administration.
- e. When a membership payment includes the right to purchase tickets to college athletic events, the fair market value of the benefit is 20% of the total contribution per IRS regulations.
2. Disclosure requirements
- a. The department must provide written disclosure statements to donors of quid pro quo contributions in excess of the IRS established threshold (\$89 in 2008, adjusted annually for inflation; contact the Gift Agreement and Policy Analyst for current threshold).
 - b. The disclosure statement shall contain the following information:
 - 1) The amount of the contribution that is deductible for Federal income tax purposes is limited to the excess of any money or the value of any property contributed over the value of the goods or services provided by the University.
 - 2) A description of the goods or services provided to the donor and a good faith estimate of the value.
 - c. Written disclosure must be included with either the solicitation or the acknowledgement of receipt of the contribution.
 - d. No disclosure statement is required if any of the following is true:
 - 1) The goods or services given to a donor have insubstantial or de minimis value as defined by the IRS, in which case, the solicitation materials shall notify the donor that the benefit received is not substantial and that the full amount of payment is a deductible contribution.
 - 2) The payment received does not exceed the fair market value of the goods or services received, in which case, the amount paid represents the purchase of goods or services and there is no contribution made.
 - 3) The donor makes a payment no more than the IRS threshold per year and receives only annual membership benefits that consist of any rights or privileges (other than the right to purchase tickets to athletic events) that the donor can exercise during the membership period or admission to events that are open only to members where the cost per person is under 10% of the threshold amount.
3. Refusal of benefits
- a. If the donor explicitly refuses the benefits offered, the Federal income tax deduction is not reduced.
 - b. Benefits can be rejected through the use of a check box on the solicitation form or in writing at the time the gift is made.
 - c. Failure by the donor to use offered benefits is not evidence of nonreceipt of the quid pro quo benefit.

VI. Further Information

- A. Additional information regarding matching gifts is available from the matching gift coordinator, Gift Administration; matchinggifts@ucdavis.edu.
- B. Other information regarding gift processing, including contact information, gift guidelines, and forms, is available from Gift Administration, <http://as.ur.ucdavis.edu/giftadmin.aspx>; (530)754-1133.

VII. References and Related Policies

- A. U.S. Code of Federal Regulations, Title 26, Chapter 1, Section 1.6115-1, Disclosure requirements for quid pro quo contributions (<http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>).
- B. UC Office of the President (<http://www.ucop.edu/ucophome/coordrev/ucpolicies/>):
 - 1. Development Policy Manual.
 - 2. Administrative Guidelines for Campus Foundations.
 - 3. Administrative Guidelines for Support Groups.
- C. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. Section 230-01, Private Support of Research.
 - 2. Section 230-05, Individual Conflicts of Interest Involving Research.
 - 3. Section 260-15, Solicitation and Acceptance of Private Support.
 - 4. Section 260-35, Donor Recognition.
 - 5. Section 260-40, Memorial/Commemorative Funds.
 - 6. Section 270-60, UCD Support Groups.
 - 7. Section 340-30, Disposal of Agricultural By-Products.