

HOWARD UNIVERSITY POLICY

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The revised policy focuses on overarching policy and removes, as appropriate, language pertaining to procedure and process. A table of contents was added to facilitate navigating the document.

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POLICY STATEMENT

The purpose of the Gift Acceptance and Administration Policy is to provide a set of standards by which gifts are solicited, reviewed, accepted, and administered by Howard University (“the University”). This policy will ensure that the University is acting according to fundraising industry standards and complies with ethical guidelines, the Internal Revenue Service Code, the Family Educational Rights and Privacy Act (FERPA), and other pertinent laws and regulations. This policy does not govern the acceptance and administration of grants managed by the Office of Research Administration Services (RAS) or gifts to the Howard University Medical Alumni Association (HUMAA).

RATIONALE

Philanthropy plays a crucial role in furthering the University’s mission. Gifts to the University ensure continuing support for a range of University activities, including but not limited to, scholarships, research, the construction and renovation of buildings, and day-to-day operations. This policy strives to ensure that gifts are solicited, accepted, and administered in a manner that protects the interests of both the University and its donors.

ENTITIES AFFECTED BY THIS POLICY

This is a University-wide policy applicable to all **gift agents**. For the purposes of this policy, a gift agent means any person or entity involved in soliciting, negotiating, accepting, or processing a gift to the University. For example, a gift agent may include, but is not limited to, any officer or employee of the University or the Howard University Hospital (HUH), student organizations (including fraternities and sororities), alumni organizations, alumni, students, parents, friends, and volunteers.

ROLES AND RESPONSIBILITIES

Division of Development and Alumni Relations

The Division of Development and Alumni Relations (DAR) is responsible for fostering a culture of philanthropy and facilitates fundraising efforts for the University. Accordingly, all gifts and fundraising activities benefitting the University must be coordinated with and approved by the Office of the DAR Vice President. To ensure compliance with the University’s policies, all gift agents must notify DAR of any potential gifts during the solicitation and negotiation stages, *i.e.* before the fundraising event occurs or the gift is delivered to the University or the gift officer.

After thoroughly vetting and clearing a gift for acceptance, DAR will process the gift, credit the gift to the donor in the DAR database, and work with the appropriate gift agent or University unit to provide proper stewardship. **All gifts to the University must be processed by DAR, and gift agents may not bypass DAR under any circumstances.** Any failure to adhere to this policy and the procedures set forth herein shall be reported to the DAR Vice President, and may result in disciplinary actions in accordance with the University’s progressive disciplinary processes.

The Gift Acceptance Committee

The University's Gift Acceptance Committee (GAC) shall review proposed gifts that may contain complex restrictions or complicated transactions, and evaluate the usefulness of the gift in light of the University's needs and mission. The GAC is chaired by the DAR Vice President, who determines which gifts warrant GAC review and the committee's composition in each case. GAC members may include University trustees, cabinet members, and employees whose expertise will assist in evaluating complex gifts, *e.g.*, deans, department chairs, and the manager of the campus masterplan.

DEFINITIONS

For the purposes of this Policy, the following terms shall have the corresponding definitions.

Account Establishment Form: the University's administrative document that outlines how a gift account is to be used, who is authorized to draw from the account, and reporting requirements.

Bequest: a gift made through a will.

Closely Held Securities: non-publicly traded assets.

Current Use Fund: financial support earmarked by the donor for a specific purpose, objective, school, and/or program that the University can award upon receipt.

Cy Pres: a legal term which means "as close as possible." *Cy Pres* language in a gift agreement permits the University to alter the use of the gift – as closely as possible to the donor's intent – in the event that the original purpose of the gift becomes impractical or impossible to carry out.

DAR: abbreviation for the University's Division of Development and Alumni Relations.

Distinguished Professorships: a financial award established to support the research and teaching of outstanding faculty at the University.

Donor: an individual, entity, estate, trust or organization that gives a gift without expecting or receiving anything in return.

Endowed Fund: restricted financial support that exists in perpetuity to the extent practical. Income accrued on the account is disbursed pursuant to the University's spending guidelines as adjusted by the Board of Trustees from time to time. Principal may be expended in accordance with the guidelines set forth in the Uniform Prudent Management Institutional Funds Act.

Endowed Lectureships: financial awards that provide support, wholly or in part, for costs associated with inviting scholars to the University as lecturers.

Endowed Professorship or Endowed Chair: financial support that funds faculty positions using the income derived from an endowed fund specifically established for that purpose.

Fair Market Value: the price that a seller is willing to accept and a buyer is willing to pay on the open market.

Fellowship: a monetary award paid to an individual for study or research in a specific field, usually at the graduate or post-graduate level.

Fundraising Event: an event conducted for the sole or primary purpose of soliciting donations for HUH, the University, or any University unit, school, department or program. Fundraising events may be sponsored by the University or a third-party. Third-parties include, but are not limited to, alumni, businesses, organizations, parents, and friends. Regardless of the sponsor, all fundraising events must be coordinated with and approved by DAR.

Gift: a voluntary donation from a donor to the University without expecting or receiving anything in return. For University administration purposes, a gift may be **restricted or unrestricted**. A gift is considered unrestricted if the donor does not specify how the funds are to be used and the University is allowed to choose the area of greatest need. By contrast, a restricted gift is earmarked by the donor for a specific purpose, objective, school, and/or program. Restricted gifts may also be referred to as designated gifts. All gifts shall be classified as unrestricted, unless the donor has specified one or more restrictions on the use of the gift in writing. **Quid pro quo gifts** are defined below.

Gift-in-kind (In-kind Gift): a gift of anything other than cash, cash equivalents, or other accepted financial instruments.

Gift Account: the University's administrative designation for a gift, pledge, or group of gifts and pledges allocated for a specific purpose as outlined in the "Account Establishment Form."

Gift Agent: any person or entity involved in soliciting, negotiating, accepting, or processing a gift to the University.

Gift Agreement: the written, signed agreement between the University and donor(s), which sets forth the purpose of gifts, the terms and use of gifts, and the payment schedule (if any).

Gift Annuities: gift contracts under which the University agrees to pay a fixed amount of money to the donor and/or a secondary beneficiary in return for a transfer of cash, securities or other assets.

Grant: transfer of money or property in exchange for specified services or activities (*e.g.*, research, studies, or development projects). Grants generally have reporting requirements for recipients and may come from a governmental or quasi-governmental entity, nonprofit organizations, foundations, the private-sector, and/or individuals. Grants are managed by the Office of Research Administration Services (RAS), and are not governed by this Policy.

Letter of Intent: document memorializing a donor's intent to donate to the University.

Memorandum of Understanding (MOU): a binding, written statement detailing the understanding between the parties with respect to a gift.

Multi-year Gifts and Pledges: gifts and pledges that are paid over a set period of time, generally not to exceed five years.

Planned Gift: donations that are arranged during the donor's lifetime and transferred to the University at a future date, usually after the donor's death. Examples of planned gifts include naming the University as a beneficiary of a will, trust, and/or insurance policy.

Pledge: written, signed, and dated promises to fulfill a commitment at some future date.

Publicly-Traded Securities: financial instruments that represent an ownership interest in a publicly-traded corporation (stock), a creditor relationship with governmental body or a corporation (bond), or rights to ownership as represented by an option.

Quid Pro Quo Gifts: when a donor contributes a gift to the University expecting to receive something in return. For example, at a fundraiser dinner, a portion of the donation may pay for the dinner and the balance of the donation is recorded by the University as a gift.

Receipt: A written acknowledgement that the University received a gift from a donor. Receipts typically indicate the date and amount of the gift, and may be sent to the donor electronically or by mail. In accordance with federal tax guidelines, in cases where a gift passes through several entities and/or individuals before arriving at the University, only the last entity or individual through whom the gift passed will be recorded as the donor of the gift and receive a receipt.

Restricted Fund/Gift: *see* definition of **Gift**.

Scholarship: financial support that does not need to be repaid by the recipient.

Third-party: any person, entity, or organization other than the University (including HUH).

Trusts: arrangements whereby property (*e.g.*, real, personal, tangible and/or intangible) is transferred by one party to be held by another party (the trustee) for the benefit of a third party (the beneficiary).

University Loan Funds: funds from which short-term loans can be granted to students.

Unrestricted Fund/Gift: *see* definition of **Gift**.

Valuation: value assigned to gifts for reporting purposes.

Visiting Professorships: financial awards that fund, wholly or in part, costs associated with prominent individuals teaching at the University for a specified period of time, usually one semester or academic year.

GIFT ACCEPTANCE PHILOSOPHIES

Howard University endeavors to be a good steward of gifts and seeks to make supporting the University a gratifying experience for donors. Moreover, the University seeks gifts that match donors' philanthropic goals with our priorities. To that end, the University reserves the right to decline gifts that are: (i) not in the best interest of the University; (ii) inconsistent with the University's mission; and/or (iii) violate the University's ethical standards or any applicable laws.

GENERAL GIFT ACCEPTANCE GUIDELINES

1. Gift acceptance and administration shall be subject to reserved and delegated authority as articulated in the bylaws of the Howard University Board of Trustees.
2. Gifts currently accepted by the University are set forth in this policy and other policies referenced herein. Limitations, restrictions, and minimum amounts are included in the explanation of particular gift vehicles, where appropriate. Such guidelines have been established based on the University's resources and needs, and do not account for specific circumstances which may justify deviation with the approval of the GAC.
3. All fundraising events must protect the interests of the University and shall be conducted in a manner that does not conflict with University's mission and policies.
4. In accordance with the Philanthropy Protection Act of 1995, all DAR staff are salaried employees, and shall not receive commissions or any incentive of personal benefit in any gift arrangement. The University's development officers are expected to explain to prospective donors the range of giving opportunities and methods at the University.
5. The DAR staff shall, to the extent appropriate and legal, provide prospective donors with information regarding the benefits and limitations of proposed gifts. All such disclosures shall comply with University policies and the Philanthropy Protection Act of 1995. When acting as representatives of the University, gift agents must not offer legal or financial advice to donors. Nor should any gift officer send a gift agreement to a donor that has not been vetted and approved in accordance with the guidelines herein and procedures set forth by the DAR Vice President.
6. Prior to making a major and/or planned gift, gift officers should encourage donors to discuss such intentions with their personal legal and/or financial advisors. Similarly, the University reserves the right to seek legal counsel to protect its interests with respect to current and proposed gifts.
7. The University shall take all appropriate measures to safeguard donor data and confidential information. Accordingly, information about gifts shall not be published without the donor's prior approval. Occasionally, and solely for official University business, University units, including but not limited to the Internal Audit Office, Office of the General Counsel, and campus security must have access to donor information for audit and/or investigative purposes offices.
8. When the donor's gift is to be used to create a fund for a particular purpose, the gift agreement must include *cy pres* language.
9. The Office of Advancement Services, which is charged with recording and reporting gifts to the University, shall be guided by the standards of accounting and reporting established by the Council for Advancement and Support of Education (CASE), as printed in the *CASE Reporting Standards & Management Guidelines for Educational Fundraising*.
10. The guidelines herein shall be subject to periodic review and may be amended as necessary. Such review and amendments shall be initiated at the discretion of the DAR Vice President, and final approval of such amendments shall be obtained in accordance with 400-001 *Policy on Policies*.

Acceptable Gifts

In most circumstances, Howard University **WILL accept** the following types of gifts:

- Unrestricted gifts, restricted gifts, multi-year gifts and pledges
- Cash and Cash Equivalents, including U.S. or convertible foreign currency, checks, money orders, traveler's checks, electronic fund transfers, and credit and debit card transactions
- Publically-Traded Securities, Closely-Held Securities, Quid Pro Quo Gifts, Real Property (on a case-by-case basis), and Gifts-in-Kind (on a case-by-case basis)

In most circumstances, Howard University **WILL NOT accept** the following types of gifts:

- Time shares, ground rents, and burial lots. However, in rare circumstances, the University may accept real property containing burial grounds.
- Gifts with restrictions that:
 - Permit the donor to designate an individual recipient;
 - Discriminate on the basis of race, color, religion, creed, citizenship, sexual orientation, age, disability, and/or national origin. Although the University may accept certain types of gender restricted gifts based on limited exceptions to federal law, the University may not consider gender as a factor in the administration of scholarships in violation of federal civil rights laws.
 - Allow the donor to direct the investment of the fund or dictate the terms of repayment (including interest) of loans to students from the donated funds.

The list of acceptable and unacceptable gifts is intended to be illustrative and not exhaustive.

The DAR Vice President should be consulted before any gift agent accepts a gift from a donor. Additionally, the DAR Vice President may consult with other University cabinet members and the GAC to evaluate complex gifts before acceptance.

Facilities and Named Gifts

The Board of Trustees (the "Board") reserves the right to approve the naming of facilities and entities on the University's campuses and establish the criteria for naming opportunities, including but not limited to, the naming of programs, buildings, and interior/exterior spaces. The Board shall determine the period of the naming based on recommendations from the President, University cabinet members, and/or the applicable gift agreement, as the case may be. Additionally, in the event that certain changes are made to a named program, building, or interior/exterior space, the Board reserves the right to alter the existing name in accordance with the procedures set forth in the University bylaws.

Real Property

The University will consider gifts of real property, including, but not limited to, single and multi-family residences, condominiums, apartment buildings, and other income-producing property, farms and ranches, and other real assets of value. The University will accept partial interests in such real estate, provided that such interests can be readily sold. Examples of real property the University generally accepts include, outright gifts, gifts subject to life estates and/or charitable remainder trusts, gifts in exchange for a charitable remainder gift annuity, and bargain sale gifts.

Current Use Funds

To create a current use fund, the gift(s) must be valued at a minimum of \$25,000. **Exception:** Howard University Alumni Associations (HUAA) and affiliated clubs must donate gifts valued at \$1,000 or more to create a current use fund, and are permitted a maximum of two (2) accounts per club – one operating account and one scholarship account.

Endowed Funds

To establish an endowed fund, the gift(s) must meet the following minimum giving levels and must be paid within a three to five year pledge period in most cases. If an endowed fund is established with a planned gift, the fair market value of the gift(s) must meet the following minimum levels.

Type of Endowed Fund	Minimum Gift
Chair/Professorship	\$2,500,000 – \$4,000,000*
Distinguished Chair/Professorship	\$1,000,000
Visiting Professorships	\$500,000
Lectureships	\$250,000
Fellowships	\$100,000
Scholarships	\$100,000
Loan Funds	\$50,000

*Minimum gift ranges from \$2.5M to \$4M depending on the University school or college.

Gifts-in-Kind

The University shall accept gifts-in-kind on a case-by-case basis after the materials or services to be donated are approved by the DAR Vice President, in consultation with the appropriate University units and/or experts, including but not limited to, University officers, cabinet members, deans, program directors, DAR staff, and the GAC. Common types of gifts-in-kind the University may accept include but are not limited to the following:

- Services: including consulting, training, or other professional activities that the University would incur a cost to retain.
- Agricultural Commodities: including timber or raised livestock and crops.
- Hard Commodities: including natural resources of value such as working oil wells, partial interests in gas fields, coal mines, iron ore, gold, and silver.
- Tangible Personal Property: including, but not limited to, works of art, jewelry, manuscripts, literary works, boats, motor vehicles, and computer hardware.

- Intangible Personal Property: property (other than real property) with value derived from intangible elements rather than physical or tangible elements. Examples of intangible personal property include stock options, patents, copyrights, and licenses.
- Intellectual Property*: including copyrights, patents, trademarks, and trade secrets.
- Gifts-In-Kind Protected by Copyright*: physical gifts-in-kind protected by copyright, including but not limited to artwork, documents, photographs, and films.

*Gift agents must consult the DAR Vice President and the University Intellectual Property Committee before accepting any gifts of intellectual property and/or gifts protected by copyright.

Planned Gifts

Donors must provide documentation of planned gifts in their wills, trust agreements, and/or insurance policies, as appropriate. Generally, the University will accept the following planned gifts: bequests, annuities, trusts, and insurance. Trust may be revocable, irrevocable, and/or charitable. If the University is named as a trustee of a trust, the CFO and/or the GAC shall determine the management fees, in accordance with University policies.

Donors may transfer insurance policies to the University after premiums are fully paid and take a deduction for the present value of the policy, as determined for tax purposes. Additionally, donors may purchase a new policy and designate Howard University as the owner and beneficiary. In the latter case, the University must be designated as the irrevocable owner and beneficiary of 100% of the policy. All donated policies should insure only the life of the donor and/or the donor's spouse. Paid-up whole policies of any amount may be donated. However, the University may not accept term policies as gifts.

Third-Party Fundraising Events

All fundraising events must be coordinated through DAR. Third-party fundraisers must: (a) complete the University's Third-Party Fundraising Application; (b) receive approval from DAR before hosting each fundraising event; and (c) comply with this policy and all other fundraising procedures set forth by DAR. Moreover, the fundraising event must be self-sustaining without financial contribution from or risk to the University.

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GIFT VALUATION POLICIES

Cash and Cash Equivalents: Cash and cash equivalents shall be received at face value and will be recorded, receipted and acknowledged, net of foreign exchange gains or losses and fees.

Publicly-traded securities: The value of the security is the average of the high and low on the date the gift is received. Gift securities are likely to be sold immediately, but in some cases may be held.

Closely-held securities: Prior to acceptance, the University shall contact the closely-held corporation and the University's investment advisors to estimate the fair market value and any restrictions on ownership or transfer, and explore methods of liquidation for the securities through redemption or sale.

Real Property: The Ad Hoc Committee on Real Estate of the Board of Trustees oversees real estate gifts and serves as a resource to the President and DAR Vice President in the consideration process of gifts of real estate including valuation.

Gifts-in-Kind: DAR Advancement Services coordinates the valuation of gifts-in-kind, consulting others with relevant expertise as needed.

INTERIM POLICIES

There are no interim policies. This policy supersedes all previous gift acceptance and administration policies.

SANCTIONS

Nothing in this policy shall be construed in a manner to limit the engagement of every member of the University community from actively supporting the University's mission. Failure of any gift agent (as defined herein) to act in accordance with the intent and spirit of this policy, as determined by the Office of the Vice President for Development and Alumni Relations, will result in disciplinary action according to the University's progressive disciplinary processes.