

## Policy 2200

### Gifts to the University

<b>Responsible Office</b>	Finance	<b>Effective Date</b>	11/01/00
<b>Responsible Official</b>	Controller	<b>Last Revision</b>	2/22/2010

<b>Policy Sections</b> .....	<b>2</b>
2200.1 Taxation.....	2
2200.2 Receipt of Gifts.....	2
2200.3 Acknowledgment of Gifts.....	3
2200.4 Tax implications to the Donor.....	4
2200.5 Gifts from Yale University Faculty and Staff.....	4
2200.6 Administration of Gifts.....	4
2200.7 Quality Assurance.....	5

### Scope

This policy covers the transmission, acceptance, recording, disposition, acknowledgment and management of gifts made to the University. The policy applies to all University offices but does not cover grants; Procedure [1304 PR.02 Distinguishing Between Gifts and Sponsored Awards](#) covers more details on this matter.

### Policy Statement

Gifts to the University must be transmitted, negotiated and recorded without delay, deposited promptly, credited to the proper University account, and acknowledged to the donor promptly and appropriately.

The University is obligated to use gifts in a manner consistent with the stated intentions of the donor. Because the University must comply with donor restrictions, only gifts that are consistent with federal and state laws and do not contradict the University's [mission](#) may be accepted.

The University's administration of gifts must comply with all relevant federal and state regulations. The financial management of gifts should follow the guidelines set forth in Policy [2100 General Revenue Principles](#).

### Reason for the Policy

This policy seeks to ensure that gifts to the University are properly received, recorded and administered using appropriate internal controls and sound financial business practices, and that the University's acceptance and management of gifts are in compliance with external regulations and the University's fiduciary obligations to donors.

### Definitions

#### Bequest

A gift of real or personal property made at death by a will or a trust.

#### Endowment gift

A gift that requires the corpus of the gift to be held in perpetuity, and permits the expenditure of a portion of the investment return on that corpus.

#### Expendable gift

A gift that may be spent in its entirety.

**Gift**

A voluntary transfer of property made without consideration, which may or may not be restricted as to its use.

**Cash**

Money, currency, checks, money orders or cash equivalents.

**Securities**

Stocks, bonds, options, warrants, notes, or similar instruments, either publicly traded on an exchange (public) or not publicly traded (private).

**Gift-in-kind**

A gift that is a tangible item, for example, a work of art, equipment, or a literary collection.

**Internal Revenue Code (IRC)**

The codification of federal tax law, including income, estate and gift tax. Such laws are augmented by regulations and rulings and are administered by the Internal Revenue Service (IRS).

**Matching gift**

A gift made by an individual or a group in accordance with its own program designed to encourage employee contributions.

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**Policy Sections**

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**2200.1 Taxation**

The University is a tax-exempt organization under Internal Revenue Code §501(c) (3) and, therefore, is relieved of the obligation to pay taxes on income related to its [mission](#) as an educational institution. The University is eligible under IRC §§170(c), 2055 and 2522 to accept contributions that are tax deductible by its donors for income, gift and estate tax purposes.

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**2200.2 Receipt of Gifts**

The University regularly receives charitable gifts of various types. Generally, gifts may take the form of:

- cash or checks
- real property
- tangible personal property (gifts-in-kind)
- securities
- bequests
- corporation and foundation gifts.

The Development Office or the director of the receiving collection/department shall fully review all non-standard contributions before acceptance. Non-standard gifts that may expose the university to liability or that obligate the university shall also have legal review by Office of General Counsel.

The following describes by type how gifts must be received and processed:

**Cash or Checks:** The University Development Office is responsible for the acceptance and recording of all gifts of cash. Donors should be instructed to mail gift checks directly to the Development Office post office box. Departmental collection of gift funds is strongly discouraged.

In the event that a department receives cash or checks, the gift must be deposited promptly using the on-campus deposit system in accordance with Procedure [2801 PR.1 On Campus Deposits Using RIF](#) or deliver the gift to the Contribution Processing unit in the Development Office.

All proposed gifts for pooled income funds, or charitable trusts should be discussed with the Executive Director of Planned Giving, and should be delivered according to specific instructions from Planned Giving.

**Real Property:** The Development Office is responsible for approving and overseeing the acceptance of all gifts of real property (income producing and residential properties, land, limited partnerships in real estate, etc.). Donors should be instructed to contact the Development Office directly.

**Gifts in Kind:** Notice of proposed gifts-in-kind should be directed to the Development Office. The acceptance of gifts made to University collections shall be overseen by the directors of those collections, and donors should be instructed to contact them directly. Gifts of tangible personal property not made in furtherance of a University collection shall be made to the Development Office. The Development Office should notify the Controller of gifts of equipment.

**Securities:** Donors who intend to transfer securities should be instructed to contact the Development Office directly. In the event that a gift of securities is received directly by a University department, the department administrator must contact the Development Office immediately for instructions.

**Bequests:** The Office of Trusts and Estates is charged with monitoring trusts and estates in which the University has an interest. All information regarding bequests or trusts must be sent to the Office of Trusts and Estates in a timely manner to ensure that the University's interests are safeguarded.

**Corporation and Foundation Gifts:** The Corporation and Foundation Relations Office in the Development Office is responsible for managing the University's overall relationships with corporations and foundations. The Corporation and Foundation Relations Office must confer with the Offices of Grant and Contract Administration to determine whether specific transfers are gifts or sponsored awards (see Procedure [1304 PR.02 Distinguishing Between Gifts and Sponsored Awards](#)). Gifts are administered by the Development Office, and grants and sponsored awards are administered by the Grant and Contract offices.

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### 2200.3 Acknowledgment of Gifts

The University must acknowledge all gifts in a timely manner. Federal regulations require the University to provide receipts for contributions with a value of \$250 or greater.

The Contributions Processing unit of the Development Office is responsible for acknowledging charitable gifts on the University's behalf. In the event that a gift has been received in a department, that department must immediately forward all pertinent information regarding the gift to Contributions Processing. Such information should include:

- donor's name and address,
- description of the gift, including restrictions on use of the gift
- date of the gift
- exact value of the gift, if known, or approximate value
- whether the donor received anything in return for the contribution, e.g., meals, goods, services, discounts at University facilities.

Deans, department chairs, business managers and other individuals with an interest in a gift are also encouraged to thank donors in their own capacity.

## Gift Valuation

Gifts that do not have an easily ascertainable value shall be assigned a value for internal accounting purposes only. The Contributions Processing unit of the Development Office is responsible for assigning such values according to guidelines defined by the University Controller, who also performs quality assurance on gift valuation. Any questions about gift valuations should be referred to the Contributions Processing unit or to the University Controller.

## Special Situations

- **Gifts-in-kind:** The University does not include a value on a donor receipt for gifts-in-kind. It is the donor's responsibility to establish value in order to substantiate the taking of a charitable deduction for tax purposes. Gifts-in-kind valued at over \$5,000 may require the completion of additional tax forms. The University must report to the IRS if it disposes of gifts-in-kind valued at over \$5,000 within two years of receipt.
- **Pledges:** The Development Office is responsible for valuing pledges (including discounts and allowances) and managing pledge receivables (including adjustments) according to guidelines developed and monitored by the University Controller. The Development Office confirms pledges and also issues pledge reminders when and where appropriate.
- **Donor benefits:** In certain cases the University must issue a special disclosure statement if the donor receives a benefit in return for a contribution of more than \$75. Examples of such benefits include meals, items of more than token value or special discounts at University facilities that the donor receives in exchange for contributions. A charitable contribution is generally limited to the amount by which the donor's contribution exceeds the value of any goods and services received in exchange.

Departments and individuals are encouraged to consult with the Director of Information and Support Services in the Development Office prior to initiating such solicitations in order to ensure compliance with statutory requirements.

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### 2200.4 Tax implications to the Donor

The University cannot provide specific tax advice to donors. Under IRS regulations, gifts to the University are generally tax deductible if the donor does not retain control over the gift and does not receive any benefit from the gift.

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### 2200.5 Gifts from Yale University Faculty and Staff

Gifts from faculty or staff must be approved by the Provost Office or their designee and the Development Office in cases when the use of those gifts may be directly or indirectly under the control of the donor. Gifts from faculty/staff or their immediate family may be credited to any account that is directly or indirectly controlled by the donor but are not tax deductible.

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### 2200.6 Administration of Gifts

Gifts must be used in a manner consistent with the stated intentions of the donor. Funds (sources) must be established to manage them in accordance with donors' wishes. The Provost is responsible for assigning gifts to specific purposes within the University.

Gifts are generally classified as either endowment funds or expendable gifts.

- Endowment funds are gifts that are held in perpetuity and the investment income is spent for the purpose designated by the donor or, if no purpose is designated, for unrestricted use.
- Expendable gifts are gifts to unrestricted income or gifts that will be spent in the near future for a specific purpose (e.g., a building renovation).

The financial management of charitable gifts should conform to the guidelines set forth in Policy [2100 General Revenue Principles](#).

The Funds Management Office is responsible for ensuring that the University is in compliance with applicable laws pertaining to the management of charitable gifts and that it honors its fiduciary responsibility to its donors. It is the duty of each department or school to use gift funds in accordance with the donor's intentions.

Original gift documentation must be provided to the Contributions Processing unit of the Development Office where it shall be maintained in accordance with Policy [1105 Retention of University Financial Records](#). The Contributions Processing unit is responsible for maintaining gift and donor information in the Benefactor database. In the event that the University is unable to put a gift to the use originally intended by the donor, it must be referred to the Gift Implementation and Stewardship Committee for further consideration.

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#### **2200.7 Quality Assurance**

A gift clearing account should be used to record all gifts in the operational General Ledger prior to the assignment by the Provost of such gifts to a final gift account. The Contribution Processing unit is responsible for reconciling the Benefactor gift database with the General Ledger. The Funds Management Office performs quality assurance reviews to ensure that gifts are assigned to the correct accounts and that expenditures meet expressed purposes.

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### **Special Situations/Exceptions**

Exceptions to this policy must be approved as follows:

- Exceptions with regard to the appropriateness of gifts or gift vehicles must be approved by the Vice President for Development.
- Exceptions with regard to gift valuation must be approved by the University Controller.
- Exceptions with regard to use of gifts must be approved by the Provost.

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### **Related Information**

Procedure [1304 PR.02 Distinguishing Between Gifts and Sponsored Awards](#)

Procedure [2801 PR.1 On-Campus Deposits Using RIF](#)

Policy [1105 Retention of University Financial Records](#)

Policy [2100 General Revenue Principles](#)

Policy [2801 Depositing and Recording University Funds](#)

Form [8282 \(IRS\) Donee Information Return](#)

Form [8283 \(IRS\) Noncash Charitable Contributions](#)

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### **Roles and Responsibilities**

#### **Controller**

Develops guidelines for gift valuation, including valuation of receivables. Performs quality assurance on valuation of gifts and receivables and approves exceptions to valuations.

**Contributions Processing**

Reconciles the Benefactor system to the operational General Ledger.

**Department administrator**

Promptly deposits any gifts received directly in the department in the form of cash or check in accordance with University procedures. Provides gift documentation to the Contributions Processing unit of the Development Office.

**Funds Management Office**

Responsible for ensuring University compliance with laws pertaining to the management of charitable gifts and ensuring that the University honors its fiduciary responsibility to donors. Performs quality assurance reviews to ensure that gifts are assigned to correct accounts.

**Gift Implementation and Stewardship Committee**

Chaired by the Provost, the Committee monitors the University's adherence to donor requirements regarding gifts. It also considers gifts that cannot be used according to stated purposes.

**Office of Development**

Responsible for the acceptance, formal acknowledgement, and recording of all gifts. Maintains gift documentation so that it is accessible for management purposes. Responsible for valuing and managing gift pledges.

**Office of Trusts and Estates**

Responsible for monitoring estates in which the University has an interest. Responsible for valuation of securities received as gifts. Administers and invests gift annuities, charitable trusts and pooled income funds.

**Provost**

Assigns all gifts to specific purposes within the University in accordance with any donor restrictions.

**Vice-President for Development**

Has general oversight of gifts to the University.

**Contacts**

Subject	Contact	Phone
Acceptance and recording of charitable gifts	Development Office	432-5436
Bequests and estates	Office of Trusts and Estates	432-4102
Gifts of real property	Development Office	432-5436
	Office of Trusts and Estates	432-4102
Form 8283; IRS required gift acknowledgements	Development Office	432-4107
Donated Securities	Development Office	432-4107
Management of charitable gift funds	Funds Management	<a href="mailto:giftawards@yale.edu">giftawards@yale.edu</a>

**Revision History**

Policy first issued on 11/11/00

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