Gift Acceptance, Counting and Reporting

Policy Title	Gift Acceptance, Counting, and Reporting Policy
Policy Owner	Vice President for University Advancement
Responsible Office	University Advancement, Advancement Programs and Services
Contact Information	Questions concerning this Policy or its intent should be directed to the Associate Vice President for Advancement Programs and Services in the Division of University Advancement; 412-268-2620.
Pertinent Dates	This Policy was approved on August 18, 2016.
Approved By	The president of Carnegie Mellon University.
Who Needs to Know about this Policy	This Policy governs Carnegie Mellon University employees and volunteers. It also serves as a guide for prospective donors and their advisors, providing assurance that all donors are treated equitably.
Definitions	n/a
Forms / Instructions	n/a
Related Information	Artistic Properties Collection Policy Public Art Policy Real Estate Gift Acceptance Signature Authority for Legally Binding Commitments and Documents
Abstract	This Policy outlines gift acceptance, counting, and reporting at Carnegie Mellon University. It defines a gift and describes gifts and gift restrictions that can and cannot be accepted by the university. It also provides details about gift agreement requirements, as well as information about transferring assets to the university and specific types of gift assets that the university accepts. Information is also provided on gifts from donor-advised funds, employer-sponsored matching gifts, planned gifts, and gift receipts, counting, and reporting, among other topics.
Reason for Policy / Purpose	The purpose of the Gift Acceptance, Counting, and Reporting Policy is to provide a set of standards by which gifts are reviewed, accepted, recorded, and receipted by Carnegie Mellon University. The policy applies to all gifts of private support received by the university, including units, programs, and centers. This policy focuses on Advancement reporting, not financial accounting and reporting.

Policy Statement

I. Introduction

a. The responsibilities for fundraising are shared among Carnegie Mellon University administrators, deans, and University Advancement staff. All fundraising and constituent engagement activities on behalf of the university must be aligned with strategic priorities and comply with local, state, and federal laws and with university policies.

b. The university is committed to ethical engagement. All solicitations on behalf of the university or any unit or program will be in accordance with the standards in the *Donor Bill of Rights*, as developed by the Council for Advancement and Support of Education (CASE) and other national organizations. A copy of the *Donor Bill of Rights* is available on the university website.

II. What Is a Gift?

a. A gift is defined as a complete voluntary transfer of assets from a person or an organization to the university where no goods or services are expected, implied, or forthcoming in return to the donor. Gifts usually take the form of cash, securities, real property, or personal property. The following criteria generally identify a gift:

   i. Gifts are motivated by philanthropic intent.
   ii. Gifts are transfers of assets to the university's control. The university is not obliged to return unexpended funds.
   iii. Gifts are not generally subject to an exchange of consideration or other contractual duties between the university and the donor, except for certain planned gifts as outlined in this policy, although objectives may be stated and funds may be restricted to specific purposes.
   iv. The donor may make a restricted-use gift by designating a specific purpose. The donor may also designate a gift for unrestricted use by the university or a particular college, school, department, or unit.
   v. Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from foundations, corporations, and corporate foundations will be classified as gifts unless they require performance or other considerations that may result in their being designated as sponsored research.

b. The university is guided by standards set forth by the Council for Advancement and Support of Education (CASE) when questions of whether or not a particular transfer of assets counts as a gift.

III. Qualification and Registration

a. The university is a nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code. Thus, the university qualifies under both federal and state law as a tax-exempt public organization in which charitable contributions are deductible to the full extent of the law for income, gift, and estate tax purposes.

b. The university's federal tax identification number is 25-0969449.

IV. Gift Acceptance

a. The university will make every effort to accommodate and accept all charitable contributions from donors. However, it will not accept gifts that:

   i. Violate the terms of this policy;
   ii. Violate a federal, state, or other law;
   iii. Are too difficult or expensive to administer;
   iv. Could create unacceptable liability or cause the university to incur future unanticipated or anticipated expenses;
   v. Are for purposes that do not further the university's mission;
   vi. Could damage the reputation of the university;
   vii. Would jeopardize the university's tax-exempt status; or
   viii. Provide a donor with goods or services of financial value in exchange for the donor's gift, unless such value is fully disclosed in the time and manner as required under federal and state law and regulations.

b. If a gift falls into one of the above categories, the gift officer working with the donor will consult with the Vice President for University Advancement, who will make a final decision regarding gift acceptance, in consultation with the President as necessary.

V. Gift Designations and Restrictions

a. All gifts must be directed to a specific gift fund in University Advancement's database of record. The choice of fund will be consistent with the written directions of the donor. *See Article VI below for information about gift agreements.*

b. A donor may designate both the university recipient (e.g., a specific school, department, or program) as the beneficiary of a gift and a purpose (e.g., scholarship, fellowship, professorship, etc.) for which the gift is to be used.

   i. If the donor does not designate a specific university recipient or purpose of a gift, the gift will be designated "unrestricted" by University Advancement. As necessary, the Vice President for University Advancement will consult with the President and decide how the gift will be used by the university.
   ii. If the donor designates a specific university recipient but not a specific purpose, the gift will be added to the university recipient's general gift fund, or such other fund as directed by the person responsible for spending gifts to the university recipient.
   iii. If the donor designates a specific purpose for a gift, the university will either add this restricted gift to a currently existing fund with the same purpose or create a new fund for the specified purpose, as appropriate.

c. Please see the Naming Gifts Policy for information regarding naming gifts.

VI. Gift Agreements

a. <u>General Information</u>

i. A gift agreement documents the mutual understanding between a donor and the university in relation to the donor's charitable contribution. A formal gift agreement is generally required for new obligations entered into by the university, both for multi-year commitments and outright gifts of $20,000 or more. Examples include, but are not limited to: new endowed funds; new and/or newly named physical spaces (e.g., building, facility, or portion thereof); and new and/or newly named academic units, programs, or centers. In general, the terms of any gift should be as flexible as possible to permit the most productive use of the funds over time, while clearly stating the intent of the donor.

ii. Information appearing in a gift agreement includes, but is not limited to: the dollar amount of the charitable gift/pledge; any restrictions on gift designation and/or use; pledge payment schedule; and recognition, as well as any other requirements or obligations agreed upon by the donor and the university.

iii. Gifts/pledges that are not documented by formal gift agreement generally need to be documented in some other way. For gifts of less than $20,000, a signed letter of intent or university gift/pledge form is generally sufficient documentation. The university will provide donors with a letter of intent template or gift/pledge form, as appropriate, in those cases. When adding to an existing fund, no specifications on how the money will be spent can be made.

iv. The Vice President for University Advancement, in consultation with the President and the Vice President and General Counsel, as necessary, will make final decisions on all questions related to university gift agreements and requests for special exceptions.

b. <u>Gift Agreement Drafting</u>

i. University gift officers draft gift agreements using templates approved by the Vice President for University Advancement and the university's Office of the General Counsel. Gift officers are not permitted to make any material changes to those templates without the permission of the Vice President for University Advancement, in consultation with the Office of the General Counsel, and such permission will only be granted in rare circumstances. Questions related to gift agreement templates should first be directed to a designated representative of the university's Advancement Programs and Services Office ("Advancement Services Office").

ii. In cases where a substantive deviation from a university gift agreement template is requested by a donor, or a template does not exist for a particular gift, the gift officer working with the donor must consult with a designated representative of the university's Advancement Services Office. A representative of that office will assist the gift officer in determining whether the gift meets university requirements for acceptance and, if it does, provide assistance in drafting a university-approved gift agreement document. Any deviation from the standard gift agreement templates must be approved by the Vice President for University Advancement, in consultation with the Office of the General Counsel.

iii. A signed award letter from a foundation or corporation is an acceptable form of gift documentation if it accepts the terms of the original proposal in total and/or documents restrictions on the gift's designation, use, reporting requirements, giving vehicle, contribution schedule, recognition, and/or other obligations agreed upon by the foundation or corporation and the university. If available, the gift award proposal and other documentation submitted to the foundation or corporation clarifying the use of the gift must also be attached to the gift record.

iv. Wills, trusts, or other estate planning documents are acceptable forms of gift documentation. However, to help ensure the donor's philanthropic intent is fully realized, the university's Office of Gift Planning recommends that the donor also have a signed gift agreement or gift confirmation form on file with the university.

v. There will be occasions where fundraising has been approved for an initiative where there is no lead donor. Examples of this include class gifts and university crowdfunding efforts, among others. In these circumstances, internal functional fund agreements (FFAs) will be drafted by the university's Advancement Services Office and approved and signed by the Vice President for University Advancement or his/her designee. The purpose of the FFA is to document the fund's purpose, fundraising requirements and deadlines, alternative uses if required gift minimums are not reached, restrictions on gift designation and/or use, and recognition, as well as any other requirements or obligations.

vi. In accordance with the university's commitment to non-discrimination, gift agreement language will never discriminate on the basis of race, color, national origin, sex, handicap or disability, age, sexual orientation, gender identity, religion, creed, ancestry, belief, veteran status, or genetic information.

c. <u>Pledge Payments</u>

i. Pledge payment periods may be up to five consecutive years, with the first payment scheduled within one year of the date of the gift agreement's execution. Exceptions to this guideline must be granted by the Vice President for University Advancement.

ii. Pledges from individual donors that are likely to be paid in full or part through either a donor-advised fund or private family foundation must be written in the form of a non-binding statement of intention in order to prevent the donor, foundation, or donor-advised fund from potentially violating certain provisions against self-dealing under the federal tax laws. Approved text for these circumstances exists within University Advancement's gift agreement templates.

iii. Corporate matching gifts cannot be applied as pledge payments to an individual's personal pledge commitment.

d. <u>Gift Agreement Signatures</u>

i. Prior to obtaining any university or donor signatures, an identical gift agreement draft must be approved by all signers. Gift agreements that conform to approved university gift agreement templates do not need further approval from the Vice President for University Advancement prior to signature.

ii. Gift agreement signing authority is designated by the university President. In general, the Vice President for University Advancement is the university officer with authority to commit the university to gift agreements. The university President and other university officials with the authority to commit the university to agreements (e.g., Provost and Vice President for Finance and Chief Financial Officer) or their approved designees may serve as lead signers under special circumstances. See also the university's Signature Authority for Legally Binding Commitments and Documents Policy.

iii. University deans and other university leaders will be asked to sign gift agreements, in a non-binding capacity, when gifts benefit their areas of oversight, and to support donor stewardship.

iv. Except in cases where signature from the university's Office of Sponsored Programs is required, the Vice President for University Advancement or his/her designee will sign corporate and foundation award letters for the university, in consultation with university leadership involved with and/or affected by those gifts, as well as the university's Office of the General Counsel and Office of Finance as needed.

e. <u>Distribution and Storage of Fully Executed Gift Agreements</u>

i. In general, two original copies of the gift agreement will be prepared for signing: one for the donor's records, and one for the university's records. The university will also accept electronic copies of fully executed gift agreements.

ii. The university's original copy and/or an electronic copy of the fully executed gift agreement will be stored securely by the university's Advancement Services Office.

VII. Transferring Assets and Specific Types of Gift Assets

a. For appropriate methods of transferring different types of assets, please reference the "Ways to Give" published account on the CMU web site.

b. The university will accept gifts of cash, marketable securities, non-marketable securities, real estate, and gifts of tangible or intangible personal property (gifts-in-kind).

i. <u>Cash Gifts</u>

1. Outright cash gifts can take the form of checks, credit cards, wire transfers, or payroll deductions.
2. Cash gifts are credited to the donor's giving record at actual cash value.
3. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT), or by wire transfer.
4. Cash gifts are complete on the date the cash is physically transferred to a representative of the university, and will be reported by University Advancement on the date the cash is processed by the Office of Gift Administration.
5. Gifts of foreign currency will be valued at the U.S. dollar equivalent on the date the gift is received.
6. University payroll deductions can be set up through the Office of Gift Administration.
7. Recurring credit card payments can be set up online.

ii. Marketable Securities (Stocks and Bonds)

1. The Treasurer's Office works with the Office of Gift Administration on the acceptance of all gifts of marketable securities.
2. The university's preferred broker provides the value of the gift by using an average of the high and low trading price on the date of the gift. In the event that a marketable security gift comes to the university via a broker other than the university's preferred broker, the Treasurer's Office will provide the value of the gift to the Office of Gift Administration by calculating the average of the high and low trading price on the date of the gift.
3. In most cases, gifts of marketable securities will be sold in due course in accordance with established university practice. It is the university's practice to dispose of marketable securities as expeditiously as possible.
4. The Treasurer's Office must approve any request by a donor that CMU hold and refrain from selling a marketable security. Marketable security gifts are sold as soon as reasonably possible to reduce the impact of any gain or loss on the transaction.
5. The Office of Gift Administration will issue a gift receipt reflecting the value of the shares on the date of the gift, as well as a description of the securities received.
6. Gifts of mutual fund shares are also acceptable. Transfers of this type may take longer to complete, and the date of the gift will be determined by the date of receipt by the university.
7. In cases where a stock gift is submitted to pay off a documented commitment, realized funds in excess of that commitment will be allocated to the same purpose.

iii. Non-Marketable or Closely-Held Securities

1. These securities include: partnerships, limited partnerships, limited liability companies, closely-held companies, stock of entities that fall under SEC Rule 144, legend stock or bonds of entities that are thinly traded, and stock of entities held for sale at the request of a donor.
2. The Treasurer's Office, in consultation with the Office of the General Counsel, the Vice President for University Advancement, the Office of Gift Planning, and the Chief Investment Officer, coordinates acceptance of all gifts of non-marketable or closely-held securities and should be notified prior to the acceptance of any such gifts. Because of the unique nature of these securities, special due diligence review will be required prior to acceptance.
3. The value of these securities as reported by University Advancement will be determined based on the fair market value of the securities on the date of gift, using an appraisal or alternative method of valuation acceptable to the Office of General Council and the Vice President for University Advancement.

iv. Real Estate

1. The university may accept gifts of many types of real estate, such as residential, commercial, apartment buildings, vacation properties, and undeveloped land.
2. For further information, please see the Real Estate Gift Acceptance Policy.

v. Bargain Sale

1. In limited circumstances, the university may purchase an asset for less than its fair market value. This bargain sale results in a gift from the owner of the property in an amount equal to the difference between the fair market value and the purchase price by the university.
2. The Office of Gift Planning will coordinate the due diligence review process on bargain sales along with the appropriate university offices.
3. The university will generally not pay more than 50% of the fair market value of an asset when participating in a bargain sale.

vi. Gifts of Tangible and Intangible Personal Property (Gifts-in-Kind)

1. The university may accept gifts of many types of tangible and intangible personal property. Examples of gifts of tangible personal property include, but are not limited to: automobiles, boats, art, jewelry, furniture, antiques, rare books, manuscripts, and lab equipment. Examples of gifts of intangible personal property include, but are not limited to: computer software, royalties, patents, and copyrights.
2. The Office of Gift Planning and Office of Property Accounting are responsible for conducting due diligence review on, and approving the acceptance of, all gifts of tangible personal property.
3. *Gifts of artwork are the subject of separate university Policies on Artistic Properties Collection and Public Art available on the university website.*
4. Before recording a gift-in-kind, the university is required to obtain documentation from the donor stating that the gift has been given to the university and will not be required to be returned. Typical documentation includes: a signed and dated letter from the donor acknowledging the gift, including fair market value (FMV); a full description of the item; a completed and signed IRS Form 8283 (for gifts with a FMV of $5,000 or more); and a completed appraisal from a qualified outside appraiser.
5. Information about any gift of tangible/intangible personal property should be forwarded to the Office of Gift Administration, which will credit the donor and prepare an appropriate gift receipt. 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 tax purposes.
6. The Internal Revenue Service (IRS) has specific reporting requirements for the disposal of property received as gifts. Specifically, gifts valued at $5,000 or more, which are disposed of within three years of the date of the gift, are subject to reporting to the IRS on Form 8282.
7. If there is any question about the acceptability of a potential gift of tangible personal property, the Vice President for University Advancement should be consulted before proceeding.
8. Gifts-in-kind of services include such activities as printing of materials, appraisals, and design work, among others. These services provide valuable support to the university. However, the contribution of services, no matter how valuable, is not tax deductible according to the IRS. Therefore, University Advancement does not record hard or soft credit for donors of such gifts.

VIII. Employer-sponsored Matching Gifts

a. A matching gift may be received from a company or a company funded foundation, matching a gift given to the university by an employee, retired employee, a director of the company, or sometimes the spouse of the employed individual.

b. Matching gifts will be credited to the same account(s) in University Advancement's database of record as the original gift unless restricted by the matching company and/or directed to a different account by the individual whose gift is being matched.

c. Matching gifts cannot be entered as a payment on a personal pledge made by an individual, as the funds are not under direct control of the donor.

IX. Donor Advised Funds

a. Donor Advised Funds (DAFs) are philanthropic vehicles established at public charities that allow donors to make charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time.

b. Gifts to the university from DAFs are typically accepted in the form of checks or electronic fund transfers and processed accordingly.

c. No gift receipt will be issued to the individual who recommended a university gift to the DAF; however, the individual's giving record will be soft credited with the value of the gift.

d. Gifts to the university from DAFs cannot be used to make payments on personal pledges of the individuals who made the gift recommendations to their DAFs.

X. Planned Gifts

Planned gifts will be utilized by the university at some point in the future. These gifts are either irrevocable (cannot be changed by the donor once the gift is made) or revocable (can be changed by the donor at any time). The university's Office of Gift Planning oversees the university's planned giving programs, including the creation of life income gifts, in consultation with the Investment Office, the Treasurer's Office, and the Office of the General Counsel as needed. The Office of Gift Planning is also responsible for due diligence review with respect to all planned gifts. A range of planned giving options is available at the university.

a. <u>Charitable Gift Annuities</u>
   i. A charitable gift annuity provides fixed payments to one or two annuitants for life in exchange for a gift of cash or securities to the university. The payments are backed by the general resources of the university. Upon the death of the annuitant(s), the residuum of the annuity will be used by the university as directed by the donor.
   ii. The university may accept charitable gift annuities, in compliance with certain legal requirements and other considerations.
   iii. The university sets required gift minimums to establish gift annuities.
   iv. The university will follow the gift annuity rates suggested by the American Council on Gift Annuities (ACGA). However, for ages where the suggested ACGA rate is significantly higher than the rate of return on the university's gift annuity pool, donors may be asked to accept a rate lower than the suggested ACGA rate in order to maximize the residuum.

b. Charitable Remainder Trusts
   i. A charitable remainder trust provides payments for either the life of the beneficiary or for a set period of time. The trust payments are either the same amount each year for a charitable remainder annuity trust, or, for a charitable remainder unitrust, the payments will fluctuate from year to year based on the value of the trust's assets. When the trust term ends, its remaining assets are transferred to the university for use as directed by the donor.
   ii. The university may accept gifts of a remainder interest in charitable remainder trusts.
   iii. The university may serve as trustee of a charitable remainder trust, provided it is named irrevocably as a beneficiary of at least 50% of the remainder, and that the university's required minimum value of the trust is met.

c. Charitable Lead Trusts
   i. A charitable lead trust provides annual payments to the university over a set period of time. The remaining trust assets are transferred at the end of the trust term to the donor or whomever the donor chooses.
   ii. The university may accept designation as the beneficiary of a charitable lead trust.
   iii. Due to the potential for liability, the university may accept an appointment as trustee of a charitable lead trust only upon review of all relevant circumstances and approval by the Vice President for University Advancement, the university Treasurer, the Chief Investment Officer, and the Office of the General Counsel.

d. Life Insurance
   i. The university may accept a designation as beneficiary or owner of a life insurance policy.
   ii. The university will not accept policies where the university is obligated to make any future premium payments unless the donor commits to making annual gifts to cover such payments and/or understands that the university may unilaterally exercise its right to surrender the policy for its cash surrender value.
   iii. The university sets required face value minimums on life insurance policies.

e. Bequest Intentions
   i. The university will accept and retain documentation of bequest intentions regardless of revocability or the age of the donor.
   ii. The Office of Gift Planning is responsible for developing guidelines on how such intentions will be counted and recognized in University Advancement's database of record based on factors such as the revocability of the gift and the age of the donor.

XI. Gift Entry and Receipts

a. All philanthropic commitments to the university must be processed by and credited to the donor through the University Advancement gift processing and data management system.

b. IRS regulations require the university to issue a written receipt to every donor who makes a gift valued at $250 or more. The Office of Gift Administration in University Advancement will provide donors to the university a gift receipt that is prepared in accordance with applicable government requirements. No other university department/unit should issue a gift receipt.

c. Gift Administration must have the following information to issue a receipt:
   i. Name of the donor(s)
   ii. Address of the donor(s)
   iii. Date of the gift
   iv. Description of the gift property

d. In addition to a tax receipt, gifts of certain types and levels will also be acknowledged with thank-you communications (e.g., letter, phone call, or other means).

e. The university does not record unreimbursed expenses incurred by volunteers as gifts. University Advancement will provide a letter acknowledging a person's volunteer role, with dates of service, and with a statement that expenses might have been incurred that were not reimbursed and might be tax deductible.

XII. Gifts from CMU Faculty and Staff

The university is grateful for gifts from faculty and staff members. Due to IRS regulations, in order for a gift to qualify for a charitable deduction, the donor must not directly benefit from or control the use of the funds. As such, university faculty and staff members cannot designate a gift to a fund that:

- Supports his or her salary;
- Pays for consumer goods to be used by him or her;
- Pays for travel by him or her; or
- Provides scholarship or fellowship assistance to him or her, or to a close relative.

XIII. Providing Legal or Financial Advice

a. Neither the university nor any of its employees acting on behalf of the university may agree to act as the successor trustee of a living trust or the executor of any will in which the university is named as a beneficiary, without the approval of the Vice President for University Advancement.

b. University employees acting on behalf of the university shall not draft wills or living trusts naming the university as a beneficiary, regardless of whether such employee is licensed to practice law. (This provision does not apply to employees drafting their own will or wills for family members, naming the university as a beneficiary.)

c. University employees may provide donors with suggested bequest language or assistance with other language pertaining to gift designation within the university.

d. The Office of Gift Planning may provide donors and their counsel with approved form documents for planned gifts such as charitable remainder trusts, charitable lead trusts, and life estates.

e. No employee of the university shall provide financial planning services for any donor. Prospective donors should be encouraged to seek the assistance of their own financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. Further, to avoid conflicts of interest or the appearance of improper influence, the university shall not pay legal or other fees for the preparation of a donor's will or living trust that names the university as a beneficiary.

XIV. Gift Counting and Reporting

a. <u>Adherence to Industry Standards</u>

   i. To ensure the highest possible gift crediting and campaign counting integrity, all charitable contributions to the university will be counted and recorded in the University Advancement database of record in accordance with the standards set forth by the Council for Advancement and Support of Education (CASE).
   ii. Any exception to CASE standards must be approved by the Vice President for University Advancement.

b. <u>Types of Gift Reporting</u>

i. Fiscal Year Cash and New Fundraising Commitments Reporting

1. These reports display year-to-date cash and/or new fundraising (commitments) for a specific fiscal year only (July 1 to June 30).
2. Fiscal year cash reports reflect tangible asset transfers to the university (e.g., outright cash gifts, pledge payments, and realized bequests).
3. New fundraising commitment reports reflect outright cash gifts and new pledges to the university, including planned gifts. These reports highlight the impact of donor commitments to the university, including those that will be realized in the future.

ii. Campaign Reporting

Campaign reporting differs from fiscal year reporting in that fundraising totals span more than one fiscal year. The principles for counting gifts during a campaign include, but are not limited to, the following:

1. Gifts and pledges received or committed to during the specific period of time identified for a campaign are counted in campaign totals.
2. A gift or pledge received or committed to prior to the start of the campaign period may be counted only if the gift or pledge was not counted in a previous campaign, and if it meets one of the following criteria:
   - The gift or pledge was made by the donor with the explicit understanding that it would be counted in current campaign totals.
   - The pledge payment made was on a prior non-campaign pledge.
   - The gift or pledge was a challenge grant that will be met during the campaign period.
3. The value of any canceled or unfulfilled pledges must be subtracted from campaign totals if it is in the future determined they will not be realized.

iii. Gift Recognition Reporting

University Advancement also produces reports demonstrating the impact donors have beyond the legal credit assigned based on IRS regulations. These reports may include all of a donor's cash gifts, as well as pledges and soft credit (e.g., donations though donor advised funds, matching gift companies, and related family foundations). These reports may be used to help determine donor eligibility for various forms of recognition (e.g., giving societies), among other purposes.

c. <u>Clarification on Differences between Financial Accounting and Reporting and Advancement Reporting</u>

i. It is important to clarify the distinction between financial accounting, which underlies the financial reporting of gifts following accounting principles generally accepted in the United States of America ("US GAAP") established by the Financial Accounting Standards Board (FASB), and Advancement reporting, which is a measure of fundraising activity in accordance with standards set forth by the Council for Advancement and Support of Education (CASE) and approved by the Vice President for University Advancement. This policy focuses on Advancement reporting, not financial accounting and reporting.

ii. University Advancement tracks all outright gifts, pledges, and planned gifts received. The intent of advancement reporting is to reflect the total impact of fundraising efforts by representing all gifts, including the value of pledges and planned gifts, at both face and present values.

iii. Gift revenue accounted for in the University's financial accounting system and presented in the university's audited consolidated financial statements is in accordance with US GAAP and may differ from gifts included in Advancement reporting for a number of reasons including but not limited to: transfers of assets not recognized as gifts in the University's financial accounting system; gifts recognized in different periods than in Advancement reporting; and gifts reported at different amounts based on differing methodologies used to value gifts in the University's financial accounting system and Advancement reporting.