

University of the Incarnate Word GIFT ACCEPTANCE POLICY

By resolution of its Board of Trustees, on December 10, 2021, the University of the Incarnate Word (“UIW”) adopts the following Gift Acceptance Policy (“the Policy”).

I. SCOPE

University of the Incarnate Word is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, classified as a public charity and eligible for charitable tax deductions under sections 509 (a)(1) and 170(b)(1)(A)(ii) as an educational organization. **The University’s Employer Identification Number (EIN) is 74-1109661.** This number includes all of the University’s colleges, schools, departments, centers, and institutes. **It is not to be used for affiliates such as Sisters of Charity of the Incarnate Word, St. Anthony Catholic High School, or other organizations that have their own tax identification numbers.**

University of the Incarnate Word can accept gifts under its full legal name, UNIVERSITY OF THE INCARNATE WORD or variations like “Incarnate Word University,” “Incarnate Word College,” “Incarnate Word,” or “UIW.” Donors should be instructed to make checks to all divisions payable in this manner. Any further direction or restriction should be entered on the memo line of the check and/or described in donor correspondence (e.g., a gift agreement). [Note: In some limited instances, if the proper procedure is not followed, a check made payable to a University of the Incarnate Word program, department, or specific named fund might be able to be deposited by double endorsing it. At the same time, it is equally possible that the development officer may have to return the check to the donor for reissuing.

The Board of Trustees and the staff of UIW solicit current and deferred gifts from individuals, corporations, and foundations. These policies and guidelines govern the acceptance of gifts by UIW and provide guidance to prospective donors and their advisors when making gifts to UIW.

UIW will not accept gifts or engage in the solicitation of gifts that may jeopardize its nonprofit or tax-exempt status as provided in Section 501(c)(3) of the Internal Revenue Code.

II. PURPOSE

The purpose of this policy is to:

- Provide general guidance on gift acceptance and the restrictions on gifts that the University can accept;
- Ensure that efficient administrative, legal, and accounting practices and procedures are followed;
- Ensure consistent, equitable relations with donors; and
- Ensure due diligence prior to making a decision with respect to a gift which:
 - might expose UIW to an uncertain and potentially significant liability;
 - is precedent-setting or involves sensitive issues;
 - may have come from illegal activities; or
 - due to its unusual nature, presents questions as to whether it is within the role and scope of UIW and its mission.

Accompanying this policy, and incorporated as if fully set forth herein, is the Gift Policies Manual with guidelines and procedures attributable to the administration and adherence to this policy. The Gift Policies Manual will be maintained by the UIW office of the Vice President of Development and University Relations and are open to examination by the board or individual board members upon their request. Additionally, this Policies Manual will be updated regularly to include any changes necessary due to state or federal legal changes or updates.

III. POLICY AND GUIDELINES

The following policy is hereby adopted for UIW:

A. Use of Legal Counsel

UIW shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Such matters include, but are not limited to, the following:

- a. Certain gifts, such as closely held stock transfers that are subject to restrictions, buy-sell agreements or other arrangements that limit the marketability of the securities.
- b. All transactions governed by contracts or other legal documents. This would include gifts of real estate, bargain sales, trusts naming UIW as trustee, or documents obligating UIW to take action.
- c. All transactions with potential conflicts of interest that may invoke IRS or other legal sanctions. This may include use of Board members as sales agents in transactions, leases of gift property to staff or Board, etc.
- d. Other circumstances in which the staff or Board of Trustees believe that use of counsel is appropriate.

B. Donor Relations

UIW endorses the Donor Bill of Rights created by the Association of Fundraising Professionals, the Association for Healthcare Philanthropy, the Council for the Advancement and Support of Education, and the Giving Institute: Leading Consultants to Non-Profits. UIW also follows the Model Standards of Practice for the Charitable Gift Planner promulgated by the Partnership of Philanthropic Planning.

Consistent with the Model Standards, UIW will advise all prospective donors to seek the assistance of their personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

The interests of prospective donors shall be a primary consideration with respect to any gift to UIW. Pressure techniques are not acceptable, and no program, agreement, trust or contract shall be presented which would knowingly benefit UIW at the expense of the donors' best interests and charitable motivations.

All information obtained from or about donors or prospects shall be held in strictest confidence by UIW. UIW will respect donor wishes regarding the publication of information or other forms of recognition.

C. Conflict of Interest

The UIW Board will assure itself that all University fundraising personnel are circumspect in all dealings with donors in order to avoid even the appearance of any act of self-dealing. The Board will consider a transaction in which the employee has a “material financial interest” with a donor an act of self-dealing. In reviewing self-dealing transactions, the Board shall consider financial interest “material” to an employee if it is sufficient to create an appearance of a conflict. In each case, this will be a question of fact.

The Board will examine all acts of self-dealing including, but not limited to prohibition against personal benefit. Those individuals who normally engage in the solicitation of gifts on behalf of UIW shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of UIW. The definition of individuals includes each of the categories of employees of UIW. Individuals are further defined to include associations, partnerships, corporations, or other enterprises in which a member of the staff holds a principal ownership interest.

D. Gift Solicitation

Only the Board of Trustees of UIW and its delegated representatives (fundraising staff and volunteers) are authorized to solicit gifts in the name of the university in order to assure a consistent approach and prevent duplication. All efforts should be coordinated through the office of the Vice President of Development and University Relations to maximize results from the entire team.

1. Gift Definition

A gift is a charitable contribution to UIW, which is intended as a donation and given voluntarily without expectation of payment in return. The purpose(s) of a gift must fall within the purpose and mission of UIW.

A gift is not payment intended to benefit a specific individual or contingent on a benefit received by the donor. Gifts cannot be used in a manner that would result in any direct or indirect personal benefit for the donor. UIW shall not act as a conduit for funds where if the donation was made directly by the donor to the recipient, a tax deduction by the donor would not be allowed by the IRS.

2. Types of Gifts

The following types of gifts are accepted by UIW:

- a. Pledges* – pledges are commitments to give a specific dollar amount according to a fixed time schedule.
- b. Current Gifts*
 - Cash
 - Tangible personal property
 - Publicly-traded securities
 - Closely-held securities
 - Real estate

c. *Deferred Gifts*

- Remainder interests in property (Retained Life Estate)
- Oil, gas and mineral interests
- Life insurance policies
- Charitable remainder trusts
- Charitable lead trusts
- Retirement plan beneficiary designations
- Bequests
- Life insurance beneficiary designations

**This list of deferred gifts is not intended to be a complete list of the types of deferred gifts UIW will accept, but rather a list of types of deferred gifts UIW may accept if it deems the gift appropriate.*

The following criteria govern the acceptance of the gift types listed above. In the case of gifts of real estate or when the complexity of a gift deems it necessary, the Gift Acceptance Committee of the Board will review and make recommendations concerning the acceptability of the gift.

Pledges - pledges are commitments to give a specific dollar amount according to a fixed time schedule. Generally, all pledges must be documented and signed by the donor and UIW.

Cash - Cash is acceptable in the form of currency, money orders, checks or electronic transfer (either through a wire transfer to UIW's bank account or by a verified credit card transaction). The gift date for gifts of cash mailed to UIW will be in accordance with IRS regulations.

Tangible personal property - Tangible personal property is property (corporeal movable property) other than real property (immovable property), which is often defined as property that can be touched. If UIW intends to sell a gift immediately rather than use it, the donor will be informed that IRS rules may limit the amount of the charitable deduction to the donor's cost basis, and the donor will be advised to seek professional financial counsel on the tax consequences of such a donation. Only the UIW Board of Trustees can approve an agreement to hold property for a specified period of time. *See the UIW Policy Manual of Guidelines and Procedures for more detailed information.*

Independent appraisals, at the donor's expense, are required for all gifts for which the donor estimates the fair market value to be \$5,000 or more. Extraordinary gifts of tangible personal property will be referred to the Gift Acceptance Committee for review and recommendation following factors in reviewing such gifts for acceptance:

- Does the property further the mission and purposes of UIW?
- Is the property marketable?
- Are there any restrictions on the use, display or sale of the property?
- Are there any carrying costs, possible adverse legal consequences, or potential liabilities associated with ownership of the property?

Publicly-traded securities - These are securities regularly traded on a public stock exchange. It is preferred that donors electronically transfer marketable securities directly to UIW's local brokerage account. Transfers made directly to the brokerage account can be liquidated almost immediately and with little additional paperwork required from donors. Alternatively, marketable securities may be delivered physically to the UIW office of the Vice President of Development and University Relations with the donor's/transferor's stock power attached. Those securities which are

determined to be restricted by applicable securities laws will be reviewed by the UIW General Counsel. If the restrictions are deemed to be unreasonable or excessive, acceptance will be referred to the UIW Board of Trustees. The value of the gift will be calculated using the mean share price between the high and low selling prices quoted on the day the stock is transferred to the university. *See UIW Policy Manual of Guidelines and Procedures for more detailed information*

Closely-held securities - Acceptance of closely-held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies, or other ownership funds, must be approved by the UIW Board of Trustees, with the following factors to be considered: any restrictions on the security that would prevent its conversion to cash, the marketability of the security, and the potential for other undesirable consequences for the University.

See UIW Policy Manual of Guidelines and Procedures for more detailed information.

Real estate - Gifts of real estate include developed property and undeveloped property, as well as gifts subject to a prior life interest or usufruct. Prior to acceptance of real estate, UIW shall require, at the donor's expense, an independent appraisal of the property's fair market value, as well as a Phase I environmental study to ensure that the property has no environmental damage or other environmental issues that would expose UIW to liability. Factors to be considered in acceptance of the property shall include: usefulness of the property for the purposes of UIW; marketability of the property, relative to its condition; any restrictions, reservations, easements, or other limitations associated with the property; carrying costs, such as insurance, property taxes mortgages, or notes, associated with the property; the results of the environmental study report, and any potential liability for cleanup or restoration of the property that may be imposed under current law to a transferee. *See UIW Policy Manual of Guidelines and Procedures for more detailed information.*

Remainder interests in property or Retained Life Estate Gift (RLE) - UIW will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions regarding the acceptance of real estate outlined previously in this policy document (and in the UIW Policy Manual of Guidelines and Procedures).. The donor or other named beneficiary may continue to occupy the real property for the duration of the stated life or the term of the usufruct. Expenses for maintenance, real estate taxes, insurance, and any property indebtedness are to be paid by the donor or life beneficiary. At the death of the donor or life beneficiary, as applicable, UIW may use the property or convert it to cash. All procedures for evaluating proposed gifts of real property, outlined elsewhere in this document, apply to proposed RLEs as well. Donors are strongly encouraged to have all documents related to a proposed RLE reviewed by their own attorneys.

Oil, gas and mineral interests - UIW may accept such interests. Factors to be considered in review of the proposed donation include: any extended liabilities or other considerations that make receipt of the gift inappropriate, whether the proposed gift is a working interest (an expense bearing interest, for which acceptance would require approval of the UIW Board of Trustees), and any current or potential exposure to environmental liability or cleanup or restoration obligations under relevant law.

Life insurance policies - UIW can receive two types of life insurance gifts:

- a) UIW can be named beneficiary of a life insurance policy and does not own the policy. Such designations will be recorded as gifts at the time the designation becomes irrevocable. The value of the gift to be recorded shall be the present value of the beneficiary amount expected to be received.

- b) UIW can be named both irrevocable beneficiary and owner of an insurance policy. The gift shall be valued at its interpolated terminal reserve value on the date of receipt. Should the donor contribute future premium payments, UIW will include the entire amount of the additional premium payment as a gift in the year the payment is made. If the donor elects not to continue to make gifts to cover premium payments on the life insurance policy, UIW's Gift Acceptance Committee shall decide whether to continue to pay the premiums, convert the policy to paid-up insurance, or surrender the policy for its current cash value. No insurance products and no insurance companies or agents are endorsed by UIW for use in funding gifts to UIW. UIW does not furnish donor's names to third parties for the purpose of marketing life insurance to donors or for any other purpose.

Charitable Remainder Trusts - UIW accepts designation as remainder beneficiary of charitable remainder trusts. A Charitable Remainder Trust (CRT) is an irrevocable trust created during the life of the donor or through the donor's will or trust (a testamentary CRT). The CRT must provide that a specified amount (not less than 5%) of the trust's value is paid to one or more named income beneficiaries on an annual or more frequent basis. At least one beneficiary must be non-charitable. UIW may serve as trustee for CRTs for which UIW is the sole charitable remainder beneficiary.

There are two alternatives for CRTs. One is a *unitrust (CRUT)*, which pays a fixed percentage of trust assets (not less than 5%) determined annually. The other is an *annuity trust (CRAT)*, which pays a fixed annuity and requires that an amount not less than 5% of the initial fair market value of trust assets be paid at least annually to the named income beneficiary or beneficiaries. *See UIW Policy Manual of Guidelines and Procedures for more detailed information.*

Charitable Lead Trusts - UIW may accept designation as the income beneficiary of a charitable lead trust. A charitable lead trust is similar to a charitable remainder trust, although the qualified charity receives the income interest with the remainder interest passing to the donor or some other designated beneficiary. Because of the complexity of split-interest deduction rules, UIW will advise prospective donors in writing to rely upon the donor's legal, financial and tax advisors in determining whether to pursue the gift of a charitable lead trust to UIW. In general, UIW will not accept appointment as trustee of a charitable lead trust. *See UIW Policy Manual of Guidelines and Procedures for more detailed information.*

Retirement plan beneficiary designations - Donors to UIW will be encouraged to name the UIW as beneficiary/partial beneficiary/contingent beneficiary of their retirement plans, including Individual Retirement Accounts (IRAs) and qualified pension and profit-sharing plans. Such designations will be recorded as gifts to UIW at such time that they become irrevocable.

Bequests - A bequest is a gift of cash, property, or other asset made in a donor's will or living trust. Bequests may provide for a specific dollar amount in cash, specific securities, specific articles of tangible property, or a percentage of the residual of the estate. Donors to UIW will be encouraged to make bequests to the university in their wills and trusts.

Other property- Property not otherwise described above, whether real or personal, of any type (including copyrights, trademarks, royalties, servitudes, easements or other incorporeal rights) may be accepted only after review and approval by the UIW Board of Trustees.

3. Matching Gifts

For matching gifts, UIW will credit the individual, foundation, or corporation that made the matching gift, not the donor whose gift was matched. However, the matching gift amounts will be recorded and reported to the donor whose gift was matched.

4. Recognition of Donors/Confidentiality

UIW fundraising staff will recognize and acknowledge donors in appropriate ways both publicly and privately. If a donor prefers to remain anonymous, all information regarding a donor or prospective donor shall be held in strict confidence by the foundation, subject to legally authorized and enforceable requests for information by governmental agencies and courts. *See UIW Policy Manual of Guidelines and Procedures for more detailed information.*

5. Donor Advice

In no event will UIW staff provide legal, estate planning, accounting, tax, or other advice to prospective donors. Fundraising staff shall urge prospective donors to seek the assistance of independent, personal legal and financial advisors in matters relating to their gift and the resulting tax and estate planning consequences.

6. Donor Advised Funds

A donor advised fund is (1) a fund or account owned and controlled by a “sponsoring organization” (i.e., a Foundation), (2) which is separately identified by reference to contributions of the donor or donors (i.e., the donor’s name is in the name of the Fund), and (3) where the donor (or a person appointed or designated by the donor) has or reasonably expects to have advisory privileges over the distribution or investments of the assets. UIW shall not create donor advised funds, as there are complicated and negative tax consequences to UIW.

7. Bargain Sales

UIW will enter into a bargain sale arrangement only when the bargain sale furthers the mission and purposes of the university. A bargain sale is a sale of property for less than its fair market value. All bargain sales must be reviewed and approved by the UIW Board of Trustees. Factors used in determining the appropriateness of the transaction include: the results of an independent appraisal, obtained at the donor’s expense, substantiating the value of the property, whether UIW will assume any debt with the property, the marketability of the property for sale within 12 months of receipt, and carrying costs associated with the property during the holding period prior to sale.

E. AUTHORITY TO REVIEW AND ACCEPT GIFTS

1. Board Review and Approval

The Board of Trustees has gift acceptance authority for specific gifts, which may be delegated to a committee, and responsibility to oversee adherence to this policy.

In cases where review by the UIW Board of Trustees and/or Gift Acceptance Committee is required, the staff will give the Board all pertinent details of the proposed gift, remind the Board of the requirements set forth in this policy as well as the *UIW Policy Manual of Guidelines and Procedures*, and provide to the Board any additional research necessary to aid in its consideration.

2. Staff Acceptance

Acceptance of gifts by UIW fundraising staff for purposes consistent with the purposes, bylaws, and procedures of the university will not require review and approval by the Board if such gifts are in the following forms and otherwise meet the requirements for acceptance under this policy or in a relevant procedure: a. Cash and credit card transactions, b. Marketable securities (i.e., publicly traded). c. Closely held securities where, in the considered opinion of fundraising staff, (including Finance or an outside advisor, if appropriate) proper valuation of the gift has been provided, there are no special restrictions, and the securities are immediately marketable.

3. Appropriateness of Gift

All gifts should be carefully scrutinized and determined to be appropriate before acceptance, in accordance with the applicable provisions of this policy.

4. Non-acceptance of a Gift

If a gift cannot be accepted, Staff will immediately notify the donor with regret and fully explain any reasons for such action.

5. **Donor Impropriety.** Notification of any impropriety on the part of the donor at any point will subject the gift and naming to reconsideration by the Gift Review Committee and the Trustees of the University.

F. GIFT RECORDING

The Foundation will follow the national standards for gift recording as published by the Association of Fundraising Professionals (AFP) and accounting standards in accordance with the Generally Accepted Accounting Principles (GAAP).

G. FUND DESIGNATION AND ACCOUNTING CLASSIFICATION

UIW staff shall diligently strive to develop clear understandings with donors as to their expectations for use of their gifts within the mission of UIW. However, placement into specific funds and accounting classifications are the University's responsibility, in conjunction with Corporate Finance and applicable accounting policies.

a. Unrestricted Gifts. Any gift for which the donor does not designate a specific purpose within the UIW mission shall be placed in the UIW unrestricted fund.

b. Temporarily Restricted Gifts. These gifts are typically placed in one or more temporarily restricted funds, which are defined as "established to meet one or more current program needs whose expected holding period generally is three years or less."

c. Permanently Restricted Gifts. These gifts may be designated by donor(s) for an existing restricted endowment fund or, as permitted by UIW policy, placed in a new restricted endowment fund. The principal is protected, and only the income, or a portion of the income, is expended. The uses of the income are controlled by donors' restrictions as set forth in the fund agreement. The minimum to establish a restricted endowment is \$50,000.

H. FUND AGREEMENT

All temporarily restricted gifts and permanently restricted gifts, as both are defined below, shall have a written fund agreement signed by the donor and UIW. Templates of fund agreements for each type of gift should be maintained by the University. *See UIW Policy Manual of Guidelines and Procedures for more detailed information.*

G. GIFT RECEIPT AND ACKNOWLEDGMENT

UIW will acknowledge the receipt of all gifts in writing and in a manner that satisfies the substantiation requirements as set forth in Internal Revenue Code Section 170(f) for the deduction of charitable gifts by individual donors.

Acknowledgement letters for all gifts are prepared and mailed within 48 hours of receiving the gift. In the case of memorial gifts, a letter mentioning the name of the donor is sent to the family of the deceased. A similar procedure is followed for gifts honoring a living person.

UIW will be responsible for maintaining an inventory of cash and non-cash gifts received and will coordinate the writing of official letters of acknowledgment.

IV. REVIEW

This Gift Acceptance Policy will be reviewed periodically by the University, and, as necessary, with the Board of Trustees as set out in the Gift Policy Manual.

Mr. Jack Lewis III
Chairman, UIW Board of Trustees

Thomas M. Evans, PhD
UIW President