DAR Reinvestment Fee

Policy Type: Local
Responsible Office: Development and Alumni Relations
Initial Policy Approved: 09/25/2010
Current Revision Approved: 6/30/2021

Policy Statement and Purpose

This policy establishes guidelines for the university collection of a portion of all revenue processed through Development and Alumni Relations, no matter the depository. DAR collects a reinvestment fee on all qualifying cash in support of its future development and alumni relations efforts.

The reinvestment fee must support DAR operations at the university level, increasing functionality and efficiency of future fundraising, strategic marketing and engagement, alumni programming and advancement services, as well as the execution of philanthropy campaigns. A portion must support fundraising costs of the schools/units to which the gifts were made. Depending on available resources, schools/units may opt out of assessing their portion of the fee.

The DAR reinvestment fee was recommended by the Development and Alumni Relations Advisory Committee appointed by the president and was approved by the VCU Board of Visitors in August 2010. The variable fee level is approved by the president, in partnership with the university affiliated foundations. The DAR reinvestment fee does not affect the tax deductibility of gifts, and donors receive gift receipts for the full amount of their donations.

Noncompliance with this policy could result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation is prohibited against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation.

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Who Should Know This Policy

All university employees engaged in development and alumni relations should know this policy and familiarize themselves with its contents and provisions.

Definitions

Affiliated or institutionally-related foundations
VCU has affiliated philanthropic foundations that are separate 501(c)(3) charitable corporations organized to operate for the support of the university, while operating with their own self-governed boards and bylaws. They accept and invest gifts made in support of the university and its health system.

Gift Acceptance Committee
A group of university administrators convened by the vice president of development & alumni relations (DAR) to advise the president of VCU.

Gift agreement
An agreement between a donor, a VCU-affiliated foundation, and the university. Gift agreements outline the specifics of a gift (gift amount, pledge period, criteria) and the donor's intent for use of these funds.

Non-qualifying gifts
- Gifts-in-kind
- Insurance premiums
- Exceptions as approved by the vice president for Development and Alumni Relations

Qualifying cash
Transactions deposited and processed by DAR, including all online gifts, all cash deposits to current, endowment and capital funds, as well as non-tax-deductible cash. Charitable trusts and bequests are assessed at the time they are realized. The fee on stock gifts is assessed on the gift value credited to the donor, which may differ from the actual proceeds. Other noncash gifts that are immediately liquidated are assessed upon receipt of the proceeds.

Contacts

The Office of Development and Alumni Relations (DAR) officially interprets this policy. DAR is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Direct policy questions to the Office of Development and Alumni Relations senior associate vice president for development.

Policy Specifics and Procedures
1. Fee assessment
The DAR reinvestment fee is collected on all qualifying gifts received by the university and its affiliated foundations between July 1 and June 30 each fiscal year. The fee revenue is proportionately divided between the schools/units based on the donors’ intent and the Office of the Vice President for Development and Alumni Relations for investment in universitywide development efforts. There is no fee cap or threshold for any sized gift or cash payment.

2. Exemptions
For all exceptions, the vice president of development must be notified in advance of accepting a gift or preparation of a final gift agreement. Language describing the gift fee may be placed in a gift agreement.

In cases where the donors refuse the reinvestment fee, the beneficiary school/unit or affiliated foundation must transfer alternative funds equal to the value of the DAR portion to the campaign reinvestment fee revenue index held by the vice president for Development and Alumni Relations. The vice president may waive or alter the fee on a case-by-case basis.

To request an exemption, the Dean/Director in the school/unit must complete a Request for Exemption form and send it to the vice president for Development and Alumni Relations, or their designee, for review and approval. If the exemption is approved, the form is returned to the unit’s fiscal office and forwarded to the Office of Gifts and Records Management for processing the exemption to the database of record. All exemptions must be managed in an efficient and timely manner.

3. Fee calculations
DAR Advancement Services determines the fee amount realized from all qualifying gifts based on information in the database of record. The fee total is calculated and recorded each month, and reports are provided to the university and to affiliated foundations regarding the amount to deduct from each gift before it is deposited in the appropriate fund. Month and year-to-date reconciliations are performed to assure that the DAR fee has been assessed properly on all qualifying cash.

- Fee assessment reports are sent to the foundations requesting the transfer of the fee from the foundations’ gift accounts to their fee holding accounts.
- Reports are sent to the directors of development in the schools/units and posted in the DAR system of record.

4. DAR reinvestment fee indexes
The Banner Finance system includes indexes for each school/unit that are designed to track development and alumni relations expenditures funded by the fee revenue collected in the previous fiscal year. Four indexes are directly related to four expenditure categories (Annual Giving, Alumni Relations, Major Gifts, and Donor Relations and Stewardship). The fifth index is associated with the “other” expenditure category, but its primary purpose is to act as a depository for fee revenue from the foundations. Expenditures must not be incurred in this category/index unless they do not fall under one of the other four expenditure categories/indexes.

5. Notifications of the campaign reinvestment fee revenue collected
During the first quarter of the fiscal year, the vice president for Development and Alumni Relations, or their designee, sends an email to each dean/director informing him/her of the total DAR reinvestment fee collected on qualifying gifts to the school/unit in the previous fiscal year.
6. Release of funds
Virginia Commonwealth University, School of Business, and School of Engineering Foundations
At the beginning of the fiscal year, the foundation(s) will deposit the fee revenue collected on qualifying gifts received in the previous fiscal year into the school's/unit's revenue index. Use of the funds will be contingent upon an approved expenditure plan.

Medical College of Virginia Foundation
Fee revenue will only be deposited on a reimbursement basis in accordance with MCV Foundation policy.

7. Expenditure Plan
To use fee revenue, a request must be submitted and approved by the vice president of DAR, or their designee, indicating how the school/unit will spend the funds. The request must be signed by the dean/director. The form must be sent to the DAR Director of Finance. DAR will approve and sign the form, the form is scanned and sent to the appropriate foundation(s), the executive director, and the person who submitted the request. If the request is not approved, the vice president notes the reason on the form and his office returns it to the person who submitted the request with a copy to the dean/director.

8. Expenditure Tracking
DAR Finance & Administration will track expenditures in the schools'/units’ fee revenue indexes on an annual basis.

- Banner reports and Foundation reports will be used to ensure compliance with an expenditure plan submitted to and approved by the vice president of DAR.
- Descriptions in Banner Finance must be complete and provide the purpose of the expenditure.
- Documentation for expenditures may be requested.
- Expenditures incurred for purposes other than development and alumni relations efforts must be moved from the fee indexes to non-fee indexes in the schools/units.
- Expenditures that have not been approved by the vice president, even those for development and alumni relations efforts, must be moved from fee indexes to non-fee indexes in the schools/units.
- Expenditures that were originally approved for one purpose and later approved for another purpose must be moved from the fee indexes to the non-fee indexes in the schools/units.
- Revenue moved from the fee revenue indexes must be returned.

9. Impact reporting
Each year, the vice president for Development and Alumni Relations receives a final report on the fee revenue collected and expended in the previous fiscal year. Program codes in the Banner Finance system and a special index structure assist the vice president in acquiring the information for this report. Expenditures should be tracked to Annual Giving, Alumni Relations, Major Gifts, and Donor Relations and Stewardship. Fee revenue is deposited into the “other” category of expenditures. If necessary, expenditures can be incurred in this index if they do not fall under the other four categories. Account activity for all five categories is reflected in organization codes created for all schools/units in Banner Finance.

The Office of Development and Alumni Relations is responsible for tracking all gifts in the donor database of record. Exceptions to this policy are made at the request of the vice president, with final approval by the president.
Forms

Gift agreement templates are available to university development personnel on the internal DAR intranet or on the university’s institutionally-related foundation websites. Current forms are also available by emailing giftagreement@vcu.edu.

1. **Campaign Reinvestment Fee Form**

Related Documents

1. **Development and Alumni Relations Activities**

Revision History

This policy supersedes the following archived policies:

<table>
<thead>
<tr>
<th>Approval/Revision Date</th>
<th>Title</th>
</tr>
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<tbody>
<tr>
<td>August 2010</td>
<td>Policy on Campaign reinvestment Fee</td>
</tr>
<tr>
<td>December 2012</td>
<td>Policy on Campaign Reinvestment Fee</td>
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FAQ

FAQ’s are on the DAR intranet