



# VCU

## Policy on gift processing

**Policy Type:** Local

**Responsible Office:** Gifts & Records Management, Development and Alumni Relations

**Initial Policy Approved:** 05/2009

**Revised Policy Approved:** 12/2012

### Policy Statement and Purpose \_\_\_\_\_

Gifts & Records Management in the Office of Development and Alumni Relations deposits and records, in the Sage Millennium constituent database, all gifts benefiting Virginia Commonwealth University.

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### Who Should Know this Policy? \_\_\_\_\_

All university employees engaged in activities related to development and alumni relations are responsible for knowing this policy and familiarizing themselves with its contents and provisions.

### Definitions \_\_\_\_\_

**Charitable contribution (gift)**

A donation or gift to or for the use of a qualified organization. It is voluntary and is made without receiving, or expecting to receive, anything of equal value.

**Gift-in-kind**

Noncash donations of materials or long-lived assets, other than real and personal property, that are directly related to the mission of the institution. Gift-in-kind is typically reported at fair market value.

**Quid pro quo donation**

A payment made in consideration for goods or services provided to the payer by the recipient organization.

### **Soft credit**

Sharing of the gift value with someone other than the legal donor for recognition purposes.

### **Donor-advised fund**

A tax-exempt organization that takes ownership of donor assets as gifts and provides a gift receipt. The donor then contacts the organization (or fund) and *advises* to which qualified organization a gift should be made. In this case, the *donor advised fund* is the legal donor.

### **Donor-directed fund**

A financial organization where assets are deposited for investment and safekeeping. The donor *directs* the organization to issue a check in the name of the qualified nonprofit. In this case, the donor making the direction is the legal donor.

### **Family foundation (private foundation)**

A private, tax-exempt entity established and operated exclusively as conduit for charitable donations of an individual or members of an immediate family.

### **Credit card holder**

Legal owner of a credit card.

## **Related Documents**

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- [IRS Publication 526](#)
- [IRS Publication 1771](#)
- [University Cash Handling Policies](#)

## **Contacts**

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The Office of Development and Alumni Relations officially interprets this policy. The Office of Development and Alumni Relations is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Please direct policy questions to the director of Gifts & Records or the AVP of Advancement Operations.

## **Procedures**

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### **1. Processing gifts**

- a) All gifts made to or for VCU must be delivered to Gifts & Records Management for deposit and processing.
- b) Gifts can either be delivered to the Gifts & Records Management office or placed in the Development and Alumni Relations after-hours drop box. Checks must **NEVER** be sent through Campus Mail.
- c) Any DAR employee receiving a gift being made with a donor's credit card must process the credit card transaction using that unit's internal credit card form and redact the credit card number before transmitting gift documentation to Gifts & Records Management for processing. Documents with un-redacted credit card numbers should **NEVER** be transferred between departments by any means.
- d) All checks and cash received by Gifts & Records Management, as determined appropriate, will be deposited to the university or an affiliated foundation bank account within one business day of receipt, regardless of reporting or recording considerations. Gifts & Records Management's cash handling procedures comply with the university's policies (see Related Documents) at all times

- e) Charitable contributions are recorded to the Millennium database by members of the Gifts & Records Management unit. Constituent biographical information is confirmed and updated as needed to produce accurate tax receipts and acknowledgment letters. All original materials relating to the transaction within a batch are scanned and are available electronically.

## **2. Gift documentation**

- a) Development officers or units who receive charitable contributions must secure all documentation necessary for depositing and processing the transaction and must deliver it to Gifts & Records Management within one business day of receipt.
- b) Except where contributions are received directly by Gifts & Records Management (direct mail, online giving, annual fund, phone-a-thon program), development officers or their designee must submit a completed gift transmittal form for each transaction delivered for deposit, along with all original documentation to include the envelope in which it was mailed.

## **3. Gifts of marketable securities**

- a) Gifts of stocks are transferred directly to a university-affiliated foundation. Upon notification of their receipt from the foundation, Gifts & Records Management records the gift to the Millennium constituent record.
- b) The gift value of the securities is recorded at the average of the high and low quoted selling prices on the date the donor relinquishes control of the assets in favor of the university or its affiliated foundation.
- c) Gifts of closely held stock that exceed a value of \$10,000 is reported at the fair market value placed on them by a qualified appraiser. Stock valued at less than \$10,000 is reported at the per-share cash purchase price of the most recent transaction.
- d) Neither losses nor gains realized from the sale of the securities after their receipt, nor brokerage fees or other expenses, affect the gift value reported.

## **4. Gifts-in-kind**

- a) Tangible gifts, including real property, that meet the university's Gift Acceptance Policy are recorded to the Millennium database by Gifts & Records Management.
- b) Gifts-in-kind are reported by completing and delivering the gift-in-kind transmittal form to Gifts & Records Management.
- c) The development officer must secure all documents related to the gift-in-kind, including justification of fair market value for gifts valued at \$500 or more and a copy of a third-party appraisal for gifts valued at more than \$5,000.
- d) All acceptance signatures must be attained before delivering to Gifts & Records Management for processing.
- e) Because the IRS does not recognize services as a deductible gift, Gifts & Records Management will record only a nondeductible transaction for pro bono work or services.

## **5. Assigning gift credit**

- a) Gifts made by check are recorded on the donor record of the owner of the account as noted on the check. In the case of a joint account, joint gift credit will be applied to the joint owners.
- b) Gifts made by credit card are recorded on the donor record of the card holder. Soft credit is assigned to the user of the credit card if different than the card holder.

- c) Gifts made by stock transfer are recorded on the donor record of the owner of the stock being transferred. In the case of a jointly owned stock, joint gift credit is applied to the joint owners.

#### 6. Donor-advised funds

- a) Gifts made by donor-advised funds are recorded on the record of the DAF, as it is the legal donor of the gift.
- b) The advising individual/s, if known, will receive soft credit for the gift.
- c) **Payments from donor-advised funds cannot be applied as payment on individual donor pledges, in accordance with IRS policy.**

#### 7. Soft credit

- a) While IRS tax receipting and reporting must be based on the legal donor, the university is free to bestow recognition to donors as it sees fit. Sharing of the gift value for recognition purposes is called a “soft credit.”
- a) The university recognizes that, from time to time, a donor may wish to make a contribution “on behalf” of another constituent. The originating donor retains legal ownership of the transaction, and soft credit will be applied at the request of a donor.
- b) Soft credits also can be applied to gifts and pledges taking the following into consideration:
  - i. Corporate principals or those individuals who own or share ownership of a corporation and who play an instrumental role in securing a gift from the corporation can receive soft credit for gifts made by the corporation (corporate principals do not automatically receive soft credit for all gifts from their corporation);
  - ii. Personal and family foundations, or those entities that were established and operate as the conduit for the charitable donations of an individual or immediate family members, can have soft credit applied to any or all of the related family members for gifts made by the foundation.
- c) To have a gift or pledge soft-credited to another constituent, the development officer must make the request in writing or designate such on the gift transmittal or pledge form.
- d) With the exception of soft-credited pledge payments, Gifts & Records Management does not automatically add a soft credit to any transaction.

#### 8. Goods and services (**quid pro quo**) - The value of benefits the donor receives is critical in determining the amount of the actual gift. The goods and services amount is the fair market value of the goods/services received, which might not be the actual cost. The gift amount is the amount that exceeds the fair market value of the benefits the donor receives from the institution in return for the gift (see IRS publications 526 and 1771 for additional guidance and details on IRS “safe harbor” rules).

- a) Each transaction that involves goods and services must include a breakdown of the tax-deductible amount, the goods and services amount, and a description of the goods and services provided. This information must be included on the gift transmittal form and requests for solicitation codes. **The breakdown of deductible/nondeductible information must be on all invitations and communications with participants.**
- b) Goods and services must also be considered with respect to corporate sponsorship of university events, projects and activities. The determining factor that affects the deductibility of the gift is whether the recognition the corporation receives constitutes advertising, as defined by the IRS. The IRS defines advertising as competitive pricing or product information displayed because of

the donation. If the recognition fits this definition of advertising, the sponsorship is an exchange transaction, not a gift. Simply using a corporation's name and/or logo for display is not considered advertising.

## 9. Event activities and auction

- a) Development officers involved in event activities and/or auctions must coordinate with Gifts & Records Management to determine deductible/nondeductible portions of transactions before invitations or solicitations are sent to ensure proper participant communication and transaction processing.
- b) In accordance with CASE and IRS guidelines, there are two possible gifts associated with each auction transaction.
  - i. First, the donor of the auctioned item should be recognized as the donor of a gift-in-kind, if the gift is sold.
  - ii. Second, if the fair market value of the auctioned item is publicly disclosed before the auction and the winning bid exceeds the publicized value, the buyer can claim a contribution of the amount that exceeds the publicized fair market value. Gifts & Records Management will issue a quid pro quo receipt for the gift portion of the purchase. Should the winning bid be less than the fair market value, no tax receipt will be issued.

## Forms

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- Gift transmittal form
- Gift-in-kind transmittal form

## Revision History

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This policy supersedes the following BOV policies approved in May 2009:

- 9.2.1 Gift Processing Policies and Procedures
- 9.2.2 Gift Documentation
- 9.2.10 Acknowledging and Receipting of Gifts Given Through Donor-Advised Funds
- 9.2.11 Soft Credits

## FAQs

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### **Q: Where should checks be taken for processing?**

**A:** Checks and pledge agreements should be delivered to Gifts & Records Management, 809 W. Broad St., or put in the Development and Alumni Relations drop box at the Shafer Street entrance to the Blanton House, 828 W. Franklin St. Checks must never be sent through Campus Mail.

### **Q: Where can gift transmittal forms be found?**

**A:** Gift transmittal forms can be found at the DAR intranet or by calling Gifts & Records Management.

### **Q: Who should I call if I have questions about the deductibility of a gift?**

**A:** You can contact either GRM's compliance coordinator or the director of Gifts & Records Management. We can help in determining whether a check is considered a "gift" under IRS or CASE standards as well as in determine whether goods and services are a component of the transaction.

**Q: Who should I call to coordinate gift processing related to an event?**

**A:** Please contact Gifts & Records Management's compliance coordinator to discuss the handling of any goods and services offered for attendance or participation in an event.