

Northeastern University

Policy on Gift Acceptance

GOVERNANCE AND LEGAL

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I. Purpose and Scope

II. Definitions

III. Policy

NORTHEASTERN UNIVERSITY GIFT ACCEPTANCE POLICY

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I. INTRODUCTION

Purpose and Application of the Policies

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- A. The following definitions, authorizations, and Advancement policies and practices have been established for the purpose of providing:
 - 1. Guidance and standards for all entities involved in fundraising activities for Northeastern University.
 - 2. Compliance with University policy, federal and state law, and best business practices.

- A. These policies are approved by the Board of Trustees and apply to all parts of the University, including all entities or associations under the University's 501(c)(3) designation such as colleges, schools, departments, interdisciplinary programs, centers, institutes, etc.

- B. All entities engaging in fundraising or related activities and programs for the University may do so only with the approval and under the guidance of the Senior Vice President for Advancement to ensure adherence to these policies.

- C. These policies will be reviewed annually to ensure that they are reflective of changes in University policy, federal and state law, accounting standards, and any other changes in the industry.

- D. All employees and representatives of the University must abide by these policies.

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Standards and Ethics

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A. Legal Considerations

1. **Compliance:** The Advancement Office will oversee and monitor all fundraising activities to ensure that such activities are in compliance with local, state, and federal laws.
2. **Endorsement of Providers:** The University shall not endorse legal, tax or financial advisors to prospective donors.
3. **Preparation of Legal Documents:** The University shall not prepare legal documents for execution by donors, except forms to create charitable gift annuities. The University may provide model language, such as sample bequest language, gift agreements or charitable remainder trusts, but shall strongly encourage prospective donors to have this language reviewed by their own counsel.
4. **Payment of Fees:** It will be the responsibility of the donor to secure an appraisal (where required) and to pay for the advice of independent legal, financial or other professional advisers as needed for all gifts made to the University.
5. **Service as Executor or Living Trust Trustee:** Unless approved in advance by the Chief Financial Officer, the University will not agree to serve as executor of a decedent's estate or as trustee of a living trust or other trust intended to serve as a person's primary estate planning document.
6. **Trusteeship:** The University may serve as trustee of trusts to maintain its gift annuity reserve accounts, as required by relevant state insurance law, in connection with the University's gift annuity program. The University may serve as trustee of charitable remainder trusts, provided that 51% of the remainder interest in the trust is irrevocably dedicated to the University, and the charitable remainder trust meets the minimum standards set forth in the Gift Acceptance Procedures. The University may serve as a trustee of trusts only in circumstances in which its investment authority as trustee is unrestricted. The University may serve as co-trustee of a charitable trust.
7. **Use of Counsel:** The University shall seek the advice of legal counsel in matters relating to the acceptance of gifts when necessary.

A. Conflict of Interest

Prohibition against personal benefit: Individuals who engage in the solicitation of gifts or grants on behalf of the University 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 the University.

To avoid possible conflict of interest, all prospective donors are urged to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax, financial, and estate planning consequences.

B. Responsibility to Donors

1. **Commitment to a Donor-Centered, Philanthropic Approach:** The University, its staff and volunteer representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in a donor-centered way. In many circumstances, this may involve the donor's professional advisors, as charitable support is often integrated with a donor's overall tax, estate and financial planning.
2. **Confidentiality:** Information concerning all transactions between a donor and the University shall be held by the University in confidence, and may be disclosed only with the permission of the donor or the donor's designee.
3. **Anonymity:** The University shall respect the wishes of any donor offering anonymous support and will implement reasonable procedures to safeguard such donor's identity.

D. Ethical Guidelines for Philanthropic Solicitations, Activities, and Events: All philanthropic solicitations, activities, and events will follow the guidelines promoted by the Council for Advancement and Support of Education (CASE). The University will not participate in gift discussions if there is a question as to the title/ownership of the asset or the donor's competency to transfer an asset.

I. GIFT ACCEPTANCE AND SOLICITATION

The purpose of these policies is to ensure that gifts are determined to be acceptable to the institution, based on the following criteria:

1. They are appropriate to the mission and needs of the University.
2. They impose no undue financial, legal, or other risks or burdens on the University.
3. If restricted, they are written in reasonably broad and flexible terms to maximize their usefulness to the University and include language that permits the University to apply the gift to a related purpose in the event that the designated purpose is no longer practical, necessary, nor able to be performed.

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Authorizations

- A. The President of the University is ultimately responsible for the acceptance of all gifts to the University.
- B. Any transfer of assets intended as a charitable gift to the University must be accepted, processed, accounted for, receipted and acknowledged by the University Advancement Department.
- C. Gifts are to be accepted in accordance with the policies of the University as stated herein.
- D. In some situations, additional considerations will be necessary to determine whether a gift is acceptable. In such instances, the gift shall be referred to a Gift Acceptance Committee, composed of members named by the Senior Vice President of University Advancement and the Chief Financial Officer.
- E. Any gift that falls outside the standard for gift acceptance must be reviewed by the Senior Vice President of University Advancement or her/his designee.

- F. No fundraising program, whether a general or group solicitation, can be undertaken by any school, department, individual, or other entity without the approval of the Senior Vice President for Advancement.
 - G. The University reserves the right to decline gifts which are too restrictive in purpose, create undue risk, are too difficult to administer, or are for purposes outside of its mission.
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- A. The Senior Vice President for University Advancement is responsible for the development of Gift Solicitation and Acceptance Policies. Recommended policies are to be approved by the Senior Vice President for Advancement and referred to the President, the Development Committee and the Board of Trustees for final approval.
 - B. The Senior Vice President for Advancement is responsible for implementation of these Board-approved Gift Solicitation and Acceptance policies.
 - C. Fundraising consultants, firms, or agents must be approved for hire by the Senior Vice President for University Advancement prior to working on behalf of any school, center, program, or other University fundraising entity.
 - D. Gift records at Northeastern University are confidential. Information regarding donor gift histories, lists of donors, and related materials may not be revealed to any unauthorized parties within the University or any parties whatsoever outside of the University without the express approval of the Senior Vice President for Advancement or her/his designee.
 - E. The Office of Advancement is responsible for:
 - 1. Implementation and enforcement of all Gift Acceptance Policies approved by the Board of Trustees.
 - 2. Management of the solicitation process applied by staff, volunteers, faculty, or any authorized agent of the University.

3. Managing the receipt of all charitable gifts to the University.
4. Transmitting all gifts and gift documentation to the Development Information Systems Office for transmittal to the Office of the SVP for Finance and Treasurer in a timely fashion.
5. Donor Stewardship, i.e., donor endowment fund reporting and donor recognition activities.
6. Documentation of all gifts and pledges in accordance with the following:
 - a. All gifts, pledges, and planned gifts require written documentation prior to counting toward University fundraising goals.
 - b. Required documentation may include:
 - Signed and dated pledge or gift agreement
 - Signed and dated Statement of Intent, including payment schedule for pledges of \$25,000 or more
 - Deeds, contracts, or other forms of conveyance or assignment
 - Insurance policies with conveyance or assignment
 - Wills and trust agreements in which the University is a named beneficiary
 - Stock transfer documentation (e.g., stock power)
 - Third party appraisals

commitment and timeframe for payments, the University's commitment (including restrictions), how the completed gift will be managed, and alternative use and saving language. In keeping with IRS rules, matching gifts may not be pledged or used to fulfill a pledge.

- Unrestricted Commitments Within a Fiscal Year: The University does not require statements of intent for unrestricted gift commitments within the current fiscal year.
- Unrestricted Commitments Covering More Than One Fiscal Year: If the unrestricted commitment shall cover more than one fiscal year, a simple letter or card documenting the gift amount and payment schedule may be substituted for a formal statement of intent.
- Commitments Subject to Restrictions: The University requires an executed statement of intent for all commitments subject to restrictions, including restricted endowment gifts.

1. Recording and processing gifts in accordance with the policies and procedures of the Office of Advancement and as stated in the Gift Processing Manual. The following will apply to all charitable donations received at any Office of the University, or by any program or entity raising funds for the University:

- a. All gifts and pledges will be recorded in compliance with IRS regulations and acceptable accounting practices.
- b. All donors to the University will be thanked and sent a receipt appropriately and in compliance with IRS regulations.

1. Establishing and managing a Holding Account as follows:

2. Every effort will be made to determine a designation for a gift at the time it closes. In the event the donor is unable to make a designation, the gift will be placed in a holding account.

3. A quarterly review of all funds in all holding accounts will be made by the Assistant Vice President for Advancement Services, or another SVP designee, for appropriate action.

4. Donors will be contacted for authorization to release the funds for University directed purposes or for a specific purpose suggested by the donor within the fiscal year, or up to 12 months from the date of the gift. The Assistant Vice President for Advancement Services, or another SVP designee, may extend the pending status for the gift for undecided donors.
5. After extraordinary effort has been made to reach the donor, and in the event that a donor cannot be reached (or is deceased) the gift will be placed in the unrestricted endowment fund.

Acceptable Forms of Gifts

I. Types of Property

These assets may be considered for acceptance by the University, subject to the following criteria:

- A. *Cash*: Acceptable in any negotiable form, including currency, check and credit card gifts.
- B. *Securities*:
- C. *Publicly Traded Securities*: Stocks, bonds and mutual funds traded on an exchange or other publicly reported market are acceptable.
- D. *Closely Held Securities and Business Interests*: Debt and equity positions in non-publicly traded businesses, hedge funds, REITs, interests in limited liability companies and partnerships may only be accepted upon prior written approval of the GAC after review in accordance with the Gift Acceptance Procedures.
- E. *Options and Other Rights in Securities*: Warrants, stock options and stock appreciation rights may only be accepted upon prior written approval of the GAC.
- F. *Life Insurance*: The University will accept a gift of life insurance provided that the policy has a positive cash surrender value and the University has been named both beneficiary and irrevocable owner of the policy.
- G. *Real Property*: Personal and commercial real property, real estate interests/ derivatives, and remainder interests in property (gifts

subject to a retained life estate) may only be accepted upon prior written approval of the GAC after review in accordance with the Gift Acceptance Procedures, including appropriate environmental screenings. The University does not accept debt-encumbered real property, real property subject to a mortgage or lien or time share interests. For gifts subject to a retained life estate, the donor or primary life beneficiary shall be responsible for all expenses other than capital expenditures during the life tenancy, including but not limited to maintenance, real estate taxes, assessments and insurance.

- H. *Tangible Personal Property*: Jewelry, books, works of art, collections, equipment and other property which may be touched, may only be accepted after review in accordance with the Gift Acceptance Procedures.
- I. *Other Property*: Property not otherwise described in this section, whether real or personal, of any description (including but not limited to mortgages, notes, contract rights, copyrights, patents, trademarks, mineral rights, oil and gas interests and royalties) may be only be accepted upon prior written approval of the GAC.

I. Structured Current Gifts

- A. *Bargain Sales*: Transactions wherein the University pays less than full value for an asset and issues a gift receipt for the difference may only be accepted upon prior written approval of the GAC after review in accordance with the Gift Acceptance Procedures.
- 2. *Charitable Lead Trusts*: The University may accept a designation as income beneficiary of a charitable lead trust. The University will not serve as trustee of a charitable lead trust.
 - A. *IRA Charitable Rollover*: The University may accept all gifts directly transferred from an IRA, as permitted under the Pension Protection Act of 2006 and subsequent extensions.
 - B. *Matching Gifts*: The University will accept all matching gifts, subject to the terms and conditions of Section I.
 - C. *Other Structured Current Gifts*: The University may only accept other structured current gifts with prior written

approval of the GAC after review in accordance with the Gift Acceptance Procedures.

I. Future Gifts

- A. *Future Gifts Subject to a Payment Interest*
- B. *Charitable Gift Annuities*: The University offers immediate payment, deferred payment, commuted payment and flexible payment charitable gift annuities, provided:
- C. Minimum funding amount: \$10,000
- D. Maximum funding amount: 25% of total gift annuity pool [if pool is unrestricted]; (10% of total gift annuity pool if pool is restricted)
- E. Minimum age(s): None (All proposals for donors with an average age under 60 shall include an option with a hedge against inflation)
- F. Maximum number of lives: Two
- G. Ultimate beneficiary: The University for 100%, irrevocably
- H. Payout rate: American Council on Gift Annuities recommended rates
- I. Payment schedule: Monthly, quarterly, semi-annual or annual
- J. Funding assets: Prior written approval of the GAC is required for assets other than cash or publicly traded securities
- K. *Charitable Remainder Trusts When the University Serves as Trustee*: The University will serve as trustee of charitable remainder trusts, provided:
- L. Minimum funding amount: \$100,000
- M. Maximum funding amount: None
- N. Minimum age(s): None
- O. Maximum number of lives: None
- P. Ultimate beneficiary: The University for 51% irrevocably
- Q. Payout rate: Per gift acceptance procedures (generally 5%-7%)
- R. Minimum charitable remainder: 25% of the funding amount (using the income tax charitable deduction methodology)

- S. Payment schedule: Monthly, quarterly, semi-annual or annual
- T. Funding assets: Prior written approval of the GAC is required for assets other than cash or publicly traded securities, although a broader array of assets will be approved for a charitable remainder trust than a charitable gift annuity
- U. Costs charged to the trust: Investment management, administration, legal counsel and tax return preparation
 - 3. *Charitable Remainder Trusts When the University Does Not Serve as Trustee*: The University will accept designation as charitable beneficiary of charitable remainder trusts that do not name the University as trustee. Donors who create externally managed and trusteed trusts will be asked to provide the University with a copy of the trust document and annual investment reports for record-keeping purposes.
 - 4. *Pooled Income Funds*: The University offers a pooled income fund provided
 - i. Minimum funding amount: \$10,000
 - ii. Maximum funding amount: None
 - iii. Minimum age(s): None
 - iv. Maximum number of lives: Two
 - v. Ultimate beneficiary: The University for 100%, irrevocably
 - vi. Payout: Net income (capital gains treated as income)
 - vii. Payment schedule: Quarterly
 - viii. Funding assets: Prior written approval of the GAC is required for assets other than cash or publicly traded securities.
 - ix. Costs charged to the pool: Investment management,

administration, legal counsel and
tax return preparation

- B. *Future Gifts Not Subject to a Payment Interest*
- C. *Gifts by Will or Living Trust:* Donors and supporters of the University will be encouraged to designate the University as a beneficiary of their wills or living trusts.
- D. *Retirement Plan, Life Insurance and Other Beneficiary Designations:* Donors and supporters of the University will be encouraged to designate the University as beneficiary or contingent beneficiary of their retirement plans, life insurance policies and other accounts on which they can name a beneficiary.

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Practices for the Valuation and Acceptance of Gifts

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- A. *Gift Reporting and Counting:* For outright gifts, the university shall follow the Council for Advancement and Support of Education (“CASE”) *Reporting Standards and Management Guidelines for Educational Institutions*, Fourth Edition, 2009. For future gifts, the university shall follow the [PPP Guidelines for Reporting and Counting Charitable Gifts](#), Second Edition, 2009. All exceptions to these standards shall be made by the GAC.
- B. *Gift Valuation:* The university shall follow the [PPP Valuation Standards for Charitable Planned Gifts](#). All exceptions to these standards shall be made by the GAC.

IV. RECOGNITION AND STEWARDSHIP

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- A. The intention of the Recognition and Stewardship Policy is to sustain and strengthen the life-long relationship between individual donors and the University.
- B. The Trustee Development Committee and the Board of Trustees will approve the Recognition and Stewardship Policy and Amendments thereto as proposed by the Senior Vice President for Advancement.
- C. The Director of Donor Relations will review and recommend giving levels for various named endowed funds (such as professorships, fellowships, and scholarships) to the Senior Vice President for Advancement and the Treasurer for approval. These levels shall be uniform across the University.
- D. To insure accountability to donors who establish endowed funds, the University will provide reports on the use of their funds regularly, as

recommended by the Director of Donor Relations, and approved by the Vice President and Campaign Director, or other SVP designee, (e.g., endowed scholarship funds will be reported on annually).

- E. Recommendations of gift levels to name physical facilities will be developed by the Director of Donor Relations and presented to the Vice President and Campaign Director, or other SVP designee, for each case. The recommendations will be in keeping with industry standards (typically 50% of construction costs). Approval of gift levels will be made by the Senior Vice President for Advancement, the President, and the Chairman of the Board.
- F. The Trustee Development Committee delegates to the Senior Vice President for University Advancement the authority to approve changes to donor recognition giving societies.
- G. For recognition purposes, the University may consider a donor's own gifts and other gifts made possible through a donor's efforts.

IV. Additional Information

V. Contact Information