THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Development	**Number:**	602.02
		Revised:	10/17/05
SUBJECT:	Gift Acceptance	**Date Issued:**	7/15/91
		Review Date:	10/17/09
APPLIES TO:	All Departments and Units of the University	**Attachment(s)**	0
ISSUED BY:	Office of the Vice President for Development		

I. Policy

The solicitation and acceptance of private gifts and gift commitments or pledges, including support from individuals, corporations, foundations, and associations, is governed by the Bylaws of the University Board of Regents. This authority applies without qualification to the schools, colleges, regional campuses, and all other units of the University of Michigan, and to all members of the University community who might solicit or receive gifts in the University's name. The Regents' Bylaws give the President, the Chancellors, the Executive Vice President and Chief Financial Officer ("CFO"), and the CFO's written designee authority to accept all gifts. The CFO generally delegates authority to accept gifts to the Vice President for Development.

Regents Bylaws Sec. 3.05 stipulates that each gift is accepted subject to the general policy of the Board that the wishes of the donors with respect to their gifts shall be loyally observed, so long as in the Board's opinion such wishes do not conflict with the proper administration of the University under changes that may develop in the course of time.

II. Guidelines

A. Gifts and grants are solicited and accepted for purposes that are consistent with the teaching, research, and public service mission of the University. The Executive Officers are responsible for making such determinations of consistency.

B. To qualify as a charitable contribution for which the University will issue a gift receipt, a transfer of funds or property to the University must be "to or for the use of" the University in conducting its educational, research and service missions directly and through its various entities under the authority of the Regents. The Office of the Vice President for Development through its Gift Administration department issues all gift receipts on behalf of the Regents.

C. Although payable to the University, transfers that are directed to or for the use or benefit of particular named individuals are considered by the Internal Revenue Service as private benefit, not qualifying for the charitable contribution deduction. Consequently, for transfers of the type illustrated below, the University will <u>not</u> issue a gift receipt, namely:

1. For financial aid to a specified student;

2. For contributions to provide compensation for a named faculty or staff person;

3. For contributions directed for the purchase of equipment, or furnishings for offices or laboratories of specified individuals; or for their travel or sponsored activities;

4. For contributions to an account over which the transferor/donor has expenditure control.

D. Proposed gifts for building purposes and any gift whose maintenance will add to the ordinary operating budget of the University shall be accepted only with the express permission of the Regents.

E. The University's control of investment and reinvestment of endowment funds is not subject to donor restrictions. Gifts for endowment are normally invested by the University in accordance with its standard procedures; payout from the endowment is determined by policies of the University in effect at any given time. Under special circumstances the University may accept as gifts assets that are to be held or invested in some other manner.

F. The University may also from time to time accept and hold gifts of restricted stock or stock for which there is no ready public market. Normally, however, gifts of securities and other property are sold or retained at the discretion of the University and are invested in accordance with the University's investment policy and its wish to accommodate the donor's intention to assist the University in carrying out its various exempt activities.

G. The University understands and respects the preference of donors who wish to remain anonymous, although for University record purposes the identity of all donors must be known by the President of the University, the Vice President for Development, and such other officers as they determine have a need to know. Unless a donor requests anonymity, however, the University reserves the right to disclose the name of a donor at its lawful discretion.

H. Gifts will not be accepted in cases in which it is clear to the University that the funds or property donated were acquired by other than legal means, or that clear title to the donated assets does not flow from the donor to the University. It is presumed that the circumstances under which the University would choose not to accept a particular gift or a gift from a particular source would be very unusual. The University does not have the capacity to scrutinize or make judgments about the means by which gift property was acquired by a donor. But acceptance of a gift does not imply endorsement or approval by the University of the views, occupations, or activities of a donor.

I. No gift will be accepted that is contingent upon the University raising "matching funds" by any formula unless circumstances merit a specific waiver of this restriction by the University.

J. No gift will be accepted which infringes on the University's control over its established policies and process for admissions, appointments and promotions, the conduct of teaching and research, the employment of faculty and staff, the construction of facilities, or any of its other activities.

K. No gift will be accepted that would require the University to contravene its established policy of nondiscrimination and equal opportunity for all persons regardless of race, sex, color, religion, creed, national origin or ancestry, age, marital status, sexual orientation, disability, or Vietnam era veteran status.

L. No gift will be accepted if the potential donor requires that its purposes cannot be disclosed publicly.

M. The University reserves the right to apply a percentage of certain gift funds toward the general costs of operating the institution.

N. All voluntary transfers (gifts and grants) will be reported to the Regents by the Vice President for Development in a manner consistent with the requirements of the CFO. It is the responsibility of each unit to transfer gifts to the processing office in a timely manner.

III. Gift Agreements

A. Many gifts have terms that should be preserved by a written agreement or letter between the University and donor. The Office of the General Counsel – Development Legal Services assists with such agreements and letters.

B. If a gift is for endowment the donor must state in writing that the gift is for endowment, in perpetuity, or other words that indicate the donor's intent that the gift be permanently retained by the University.

C. The gift agreement should provide that the gift is to be administered at the direction of an appropriate officer, dean, department chairman, director, or other program chief.

D. Gift agreements for faculty positions should state that incumbents for faculty positions are to be selected in accordance with University policy and practices governing faculty appointments and in accordance with the principles of academic freedom.

E. The selection and appointment process for any professorship or student award, which results from a gift, should be expense free to the University, except indirect overhead expenses (e.g., cost of space, utilities, regular salaries of administrative personnel and staff, etc.), which are costs to be borne by the University. An example might be a donor's interest in establishing a national selection committee for a donated position, in which the prohibition against such expense would have to be specifically waived by the University.

F. Donors may give the University the right to add surplus distributions to the endowment principal, or accumulate them for later use for the purpose designated by the donor, as determined in the University's sole discretion. The University may also agree with the donor to accumulate all distributions for a period of time in order to make a significant initial award from endowment.

G. Scholarships, fellowships, and other types of student aid are to be awarded in a manner that is consistent with University policy and procedures for admitting students and awarding student aid. Provisions for student loans should be specifically cleared with the financial aid office of the lending unit.

H. Creation of a special student aid selection committee or award committee outside of existing administrative organization requires a minimum threshold funding as established by the University.

I. Any gift agreement pledging future contributions for a post, position, program, or activity not presently funded, or for which the University agrees to create a permanent post, position, program, or activity, must stipulate that it is mutually agreed by the signing parties that any consequent University action is taken in reliance upon the pledge.

J. All gift agreements and letters should be made, governed by and interpreted under the laws of the State of Michigan.

K. In the case of all gift agreements, it is permissible to include clauses concerning:

1. Giving appropriate publicity to a gift, in catalogues, news releases, etc.;

2. Informing the donor of the outcome of a selection or appointment process;

3. Providing a periodic report of activity to the donor;

4. Stipulating the donor's intention that a gift not replace present University support for program, position, or other purpose.

For information about various methods of giving, types of gifts, and contact information, see http://www.giving.umich.edu/