PREFACE

Marketing, Communication & Advancement, along with the AAMU Foundation, facilitates the understanding, participation and support of university goals through students, faculty, staff, alumni, parents, friends, corporations, foundations, legislators, and AAMU’s affiliated entities and government agencies, when applicable.

This manual has been compiled to create a consistent and efficient method for cultivating, soliciting, accepting and acknowledging the generosity of others. Critical to our work is the careful stewardship of the resources that others place in our trust, whether public or private. These resources must be treated with the utmost care and honesty; and, integrity must characterize our stewardship.

This manual is intended to serve as a reference guide for the stewardship of private support. We recognize the generosity of our donors, and we want to ensure that their resources are being used in accordance with their intent. This manual is for staff involved with fundraising and other advancement activities on behalf of the University. Additionally, this manual may be used to answer a variety of questions, including:

- Definitions of various types of gifts and pledges
- Responsibilities and procedures for proper handling of gifts, including receiving, recording and acknowledging gifts and pledges
- Applicable University procedures
- Applicable Internal Revenue Service rules
- Procedures for the creation of endowments
- Requirements for naming opportunities
- Gift recognition levels
UNIVERSITY VISION:

Our vision is to be recognized globally as a world-class, land-grant, comprehensive University.

UNIVERSITY MISSION

While much has changed on "The Hill", AAMU still maintains its commitment to its Mission:

- Excellence in education and a scholarly environment in which inquiring and discriminating minds may be nourished.
- The education of students for effective participation in local, state, regional, national, and international societies.
- The search for new knowledge through research and its applications.
- The provision of a comprehensive outreach program designed to meet the changing needs of the larger community.
- Programs necessary to adequately address the major needs and problems of capable students who have experienced limited access to education.
- Integration of state-of-the-art technology into all aspects of University functions.

Alabama A&M University, in cooperation with businesses, industrial and governmental agencies, and other institutions, provides a laboratory where theory is put into practice in a productive environment.

MARKETING, COMMUNICATION & ADVANCEMENT

Marketing, Communication & Advancement nurtures the relationship between the University and its host communities by working closely with local leaders, businesses, foundations, alumni, schools and educators, and civic organizations in Huntsville and North Alabama, as well as other communities, where the University has a presence. This engagement creates and sustains partnerships that are vital to enhancing the university’s resources and improving academic programs and student services.

Marketing, Communication & Advancement leads the effort to secure philanthropic support and promote the University's mission. Our team members remain fully committed to providing responsive, professional, and timely service to both the internal as well as external constituencies served by the University.

We are responsible for:
- Building tradition and pride for the Maroon & White
- Developing lifelong relationships
- Building advocacy
- Brand development
- Revenue generation
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Glossary of Fundraising Terms
GUIDELINES FOR FUNDRAISING

Private support plays a vital role in enhancing the University’s teaching, research and service efforts. Our fundraising programs focus on integrating the interests of donors with the priorities of the university.

Advancement is a relationship-building and matchmaking process. The aim is to develop relationships between prospective donors and University programs. Personal relationships with MCA staff, university representatives and volunteers are a means to the end, not the end in itself. The matchmaking is to be focused on understanding the prospective donor’s values and discovering the interests and passions that will motivate the donor to invest in a particular university program. These general principles apply to both individual and organizational donors.

The Advancement process is more art than science. We can set targets for productivity but must also pay attention to effectiveness, that is, we must measure quality of effort, as well as quantity. It takes both. The work must be both, active and attentive, vigorous and thoughtful.

Advancement is also a long-term process. Small gifts may be generated quickly by a letter or a phone call, for example. Major gifts are typically the product of sustained effort. Because major gift fundraising takes time and attention, both planning and recordkeeping are essential. The prospect management system in the advancement database is being developed for tracking the process. Using this resource assures continuity, enables collaboration and promotes accountability.

PROGRAM STRUCTURE

AAMU’s advancement operation is part of the MCA Division, reporting to the Vice President for MCA. The Director of Development oversees the various functions, including corporate/foundation relations, annual giving, planned giving, major gifts, constituency fundraisers, prospect research, data and technology services, gift and records processing, and stewardship.

The Director of Development, in conjunction with the Vice President, is responsible for leadership and coordination of all fundraising efforts at the university. A coordinated university fundraising effort will help achieve the following common objectives:

1. Orchestrated approaches to prospective donors, whether individuals or organizations
2. Maximum engagement of fundraising volunteers
3. Optimum engagement of university leaders
4. Teamwork among University officials with MCA staff
IRS & BASIC GUIDELINES

1. Internal Revenue Code defines a charitable contribution for income tax purposes as a contribution or gift to or for the use of certain types of organizations.
2. The gift tax law defines a gift for tax purposes as property transferred for less than an adequate and full consideration in money or money’s worth.
3. If a donor receives/is eligible to receive any benefit from the charitable contribution, the charitable contribution is reduced by the value of the benefit.
4. The organization provides a description and good faith estimate of the value of goods or services provided in return for the contribution.
5. If an error is detected in the processing or recording of a donor’s gift, a correction is made immediately and the donor is informed as appropriate.

GIFT ACCEPTANCE

General: All gifts/pledges should be made payable to the AAMU Foundation. This procedure applies to all gifts processed and forwarded by Advancement to the Foundation for management. All gifts made payable to the Foundation must be sent to Advancement first for proper recording and acknowledgment. Advancement, will in turn, submit all monies to the Foundation for deposit.

The VP of MCA or President shall make the final decision when determining the acceptance or non-acceptance of the following gifts:

1. All gifts of real property
2. All securities’ gifts of loosely or not publicly traded, such as closely held, stock
3. Any gift that requires the Foundation to act as trustee of a trust

GIFTS of CASH, CHECK or CREDIT

MCA will accept monetary gifts provided they support the mission of the University.

PROCEDURE

1. All gifts of cash, checks, money orders, credit cards and payroll deductions to the Foundation will be accepted by the Division of Marketing, Communication & Advancement, 309 Patton Building, Post Office Box 294, Normal, AL 35762.
2. Gifts should be made payable to the Alabama A&M University Foundation.
   a. Effective immediately, all university/foundation gifts should be handled by Advancement. Any gifts received by any other department (academic or non-academic), division, or the Foundation will be forwarded to Advancement within one business day for processing and receipting purposes.
b. A Gift Reporting and Transmittal Form completed by advancement staff should accompany the check along with any additional information from the donor when transporting gifts to the Foundation and/or other required individuals to complete processing.

c. When gifts are dropped off by campus personnel, the person delivering the gifts will count the total number of gifts and gift dollars along with a member of the gift processing staff. If a person from Advancement goes to another office to pick up checks, this person will take the GRT Form with him/her and the same procedure of counting and signing off will be conducted. This procedure reduces the risk that a gift could be inappropriately diverted.

3. While it is the donors’ responsibility to ascertain the effective date of a gift for tax deduction purposes, the following general guidelines are provided for informational purposes. Normally, the effective date of a gift is the same as the postmark. Metered mail is effective when delivered to a facility under the control of the USPS. For gifts via credit card, the gift date is the date the transaction is completed. Credit card gifts are processed strictly in accordance with Payment Card Industry (PCI) standards. For items sent via third parties, like FedEx and UPS, the gift date is the date Advancement signs for the package. Effective date information is solely for our own internal use; we do not provide tax advice to donors.

4. When gifts are received in Advancement, each gift is recorded within the appropriate software, filed and the actual checks are submitted to the Foundation with a GRT Form and deposited within 48 hours.

5. Advancement issues gift receipts and acknowledgment letters within 72 hours of the receipt of gifts.

6. Reallocations or corrections required after a gift has been processed are initially handled by Advancement and then the Foundation. Advancement immediately informs the Foundation, updates the donor record and sends a corrected receipt to the donor. Advancement sends a copy of the gift and records processing corrections to the Foundation. Posting errors will be corrected within 24 hours of its discovery and any corrections will be submitted to the Foundation.

7. In the case of online transactions via the official AAMU website, receipts are automatically sent to the donor’s preferred email. The transaction is recorded and acknowledged by Advancement.

COMMEMORATIVE GIFTS

Definition: Gifts in memory of or in honor of individuals.

All gifts are processed by Advancement. Advancement will acknowledge each gift with an acknowledgement letter and tax receipt to the donor.
PLEDGES

**Definition:** A pledge is defined as a personal commitment to make a gift, wherein the amount of the gift will be paid subsequently by the donor, usually in installments.

1. All pledges in any amount that are signed by the donor are considered a documented pledge.
2. Phonathon pledges are booked, regardless of amount, without donor signature.

PLEDGE FORMS/WRITTEN AGREEMENTS

**Definition:** A written, dated and signed agreement between the University and the Donor that a donation will be made at a specified time, or according to a specified time schedule.

Note: At a minimum, the pledge agreement should specify the donor’s name, amount of gift, the schedule of payment of the gift monies, the manner in which the gift monies are to be used, and include signature line for the donor.

PROCEDURE

1. The Pledge Agreement is prepared by the person securing the gift with the consultation of the Director of Development.
2. Note: Some Pledge Agreements are written by other entities. These are still sent through the following approval process when received by Advancement. They are treated as unsigned Pledge Agreements at this point.
3. Pledge Agreement is sent to Advancement for review.
4. After appropriate approvals have been received, the Pledge Agreement is sent to the donor for signature.
5. After the donor signs the pledge agreement, it is forwarded to Advancement.

Fully signed documents and all supporting documentation shall be returned to Advancement, along with any future documentation regarding the pledge.

Advancement issues pledge reminders following the donor’s billing preference (monthly quarterly, semi-annually or annually.) Records needing special handling are flagged as such in the system.

VERBAL PLEDGES

**Definition:** A pledge, other than from a phonathon, made without donor signature.
GIFT/PLEDGE ANNOUNCEMENTS

Verbal pledges will not be publicly announced until they are fulfilled or significant progress is made toward its fulfillment. The minimum gift amount to be announced or recognized publicly is $10,000.

COLLECTION & WRITE OFF PROCEDURES

Pledge reminders will be mailed to donors according to agreed upon payment schedules. Lapsed pledges are those whose payments are overdue by more than 90 days. Advancement will produce and distribute reports of lapsed pledges to the appropriate development officer. The Director of Development must review the report and indicate action to be taken on each lapsed pledge. Any pledge not noted for additional follow-up will be considered for removal from the pledge tracking system. Advancement will review the lapsed pledges semi-annually (March and August).

Annual fund phonathon pledges not collected by the end of the fiscal year will be written off upon approval by the Director of Development.

SECURITIES

Gifts of securities may be publicly traded common stock, bonds or privately held instruments. Acceptance of private stock or other less marketable assets requires approval by the Vice President for MCA.

A gift of securities should be confirmed by the donor, including instructions as to the purpose of the gift. In all cases, the VP of MCA or Director of Development should be contacted as early as possible to ensure proper transfer and to avoid adverse market impact.

PUBLICLY TRADED COMMON STOCK OR BONDS

Definition: Securities for which, as of the date of the contribution, market quotations are readily available on an established securities market.

1. All gifted securities are processed through the Advancement.
2. The value, for tax purposes, of a gift of securities is the mean value of the security on the credited date of the gift. The value to the endowment is net sales proceeds.
3. The Foundation will liquidate gifted securities as soon as possible. Dependent upon donor designation, the proceeds are reinvested in one of two portfolios: current use or endowment.
4. The effective date of gifts for securities held at a bank or brokerage is the date of transfer into a Foundation account. In the case of physical delivery, the date the endorsed certificate accompanied by a stock power is received at Advancement is the
date of the gift. If the certificate and stock power are mailed, the postmark on the stock power envelope is the date of gift. If the certificate is mailed to a transfer agent for reissue to the Foundation, the gift date is the date on the new certificate.

PRIVATELY HELD SECURITIES

Definition: Any stock of a corporation, evidenced by a stock certificate, that is not a publicly traded security, or for which there is no public market.

1. The donor of a privately held security is responsible for establishing and supporting a gift value for tax purposes. This includes completing the appropriate portions of the Internal Revenue Service Form 8283, Non-cash Charitable Contributions.
2. Security gifts for privately held companies are generally recorded on Advancement books with a value of $1.00 until liquidity is achieved. At that time, a new appraisal is conducted and the new value is recorded to replace the $1.00.

ZERO COUPON BONDS

Definition: A bond purchased at a discount to its face value, which does not pay interest until maturity.

1. Zero coupon bonds are valued at current market price.
2. Advancement does not recognize the face value of zero coupon bonds and prefer to liquidate them prior to maturity.

PROCEDURES

1. All donors should be referred to Advancement for information on processing securities’ gifts.
2. The gift value of the security is the average of the high and low of the security on the date of the gift. For mutual fund shares, the net asset value at the close of business on the date of the gift establishes the value of the gift.
3. Advancement enters information into the donor record. A copy of all supporting documentation is maintained in both the Foundation and Advancement. Receipts and acknowledgements are sent to the donor by Advancement.

REAL ESTATE

Definition: Property of buildings and/or land.
PROCEDURE

The department receiving information concerning a gift of real estate contacts Advancement. Real estate gifts must be recommended for acceptance by the VP of MCA.

The Advancement Office:

1. Informs the donor of acceptance or rejection of the property.
2. Encourages the donor to submit IRS Form 8283 (Non-cash Charitable Contributions) if the donor intends to claim a deduction.
3. Records the gift on the donor’s record.
4. Sends an acknowledgment to the donor.
5. Forwards gift information to the designated departments.

PERTINENT IRS GUIDELINES

Advancement must file an IRS form 8282 if the property is sold within three (3) years from the date of ownership transfer of the property.

SPECIAL ARRANGEMENTS OTHER THAN OUTRIGHT GIFTS

The following are examples of types of gifts that the Advancement will give consideration to and may accept provided the appropriate terms and conditions are agreed to with the donor.

RETAINED LIFE TENANCY

Definition: The transfer of a remainder interest in a personal residence, farm, or vacation home with the agreement that the donor may occupy the property until death or relinquishment of property by the donor or person acting with power of attorney.

1. The donor is responsible for all expenses of maintaining the property unless prior arrangements are approved by the VP of MCA.
2. The donor receives any income generated from the property until death.

PERTINENT IRS GUIDELINES

1. The property must be a personal residence, farm, or vacation home.
2. The agreement is irrevocable.
3. The donor receives a current income tax deduction for the property’s discounted value.

BARGAIN SALE GIFTS

Definition: A sale of property in which the amount of the sale proceeds is less than the
property’s fair market value. When such a sale is made to a qualified charitable organization, the excess of the fair market value of the property over the sale price represents a charitable contribution to the organization.

1. The VP of MCA examines each gift on an individual basis to determine whether it is in the Foundation’s best interest to accept the bargain sale item.
2. It is preferred that the donor provide an independent real estate appraisal.
   Note: Corporations offering standard educational discounts to any educational institution are not engaging in the act of making a bargain sale.

GIFTS-IN-KIND

*Definition:* Gifts-in-kind include physical assets, such as collections, equipment, books, works of art, software and other personal or corporate property given to the University for its use or for liquidation.

Gifts are to be made to the Foundation. Gifts of real property to the University are also accepted through Advancement (See previous section on real estate).

ACCEPTANCE

Advancement is responsible for accepting gifts-in-kind on behalf of the Foundation that will benefit the University.

The following guidelines are provided to govern the acceptance of gifts for use by the University and conform to Internal Revenue Service regulations.

Advancement retains the right to accept or decline gifts-in-kind on an individual basis. There are some gifts that Advancement may not want or may not be able to accept. If there is a question about restrictions or costs attached to a gift, the VP and Director of Development should be contacted respectively. A gift-in-kind form, available in Advancement, must be completed on all gifts-in-kind received. The filing of this form will initiate the review and approval process for acceptance of the gift-in-kind and is also necessary to maintain appropriate gift records by Advancement.

Gift-in-kind acknowledgments will be prepared by Advancement. The gift in-kind must be processed by Advancement before December 31 to qualify as a gift in that calendar tax year and by September 30 to qualify as a gift in the current AAMU fiscal year.

VALUATION

It is the sole responsibility of the donor to provide an assessed valuation and transportation of the gift in-kind to Advancement, and to be knowledgeable about Internal Revenue Service
regulations concerning gifts in-kind. The Internal Revenue Service guidelines in use at the time of transfer will be strictly adhered to, and may be obtained from the donor’s professional tax advisors.

Normally, the donor must complete IRS tax form 8283 (Non-Cash Charitable Contributions) if the value exceeds $500 and he/she desires a tax deduction for the gift; no formal appraisal is required up to $5,000.

Likewise, the donor must complete IRS tax form 8283 if the value exceeds $5,000, and must obtain an appraisal executed by a qualified independent appraiser at the donor’s expense if he/she plans to claim a tax deduction. This is an IRS requirement. The appraisal must be made within 60 days of the gift date. If the value of the gift in the appraisal is listed as a range of values, the gift will be valued at the midpoint of the range.

Should the Foundation or University decide to sell or dispose of a gift valued at over $500 within a three-year period from the date of receipt, the Advancement is required to complete and submit a corresponding Form 8282 to the IRS stating the date of disposition and value received. Gifts received from donors during a calendar year that are valued at over $500 and that cumulatively exceed $5,000 are also required to be reported on Form 8282, if sold within a three-year period from date of receipt.

Software gifts-in-kind will be valued in accordance with CASE Standards.

PERTINENT UNIVERSITY AND IRS GUIDELINES

1. If the gift lacks IRS Form 8283, it is flagged as having an estimated value. Advancement updates the donor gift record from estimated value to verified value when the necessary documentation is received.
2. The deductible amount of a property contribution may be the cost basis to the donor or its fair market value, depending on the tax status and circumstances of the donor.
3. The deductible amount of a corporate gift-in-kind is generally the cost of production or purchase of the item(s).
4. Advancement records corporate gifts-in-kind at fair market value taking into consideration educational discounts.

PROCEDURE

The following forms are required on all gifts-in-kind:

1. Gift-In-Kind Form
   a. The recipient of the gift must be the AAMU Foundation.
   b. Vice President signs along with the donor
2. IRS Form 8283
   a. Donor must complete tax form if value exceeds $500; no formal appraisal required.
   b. Donor must complete tax form if value exceeds $5,000 and must obtain a qualified appraisal.
   c. Advancement to include blank IRS Form 8283 with acknowledgment letter, if the form has not yet been received.
   d. When returned by donor, the VP of MCA signs tax form.
   e. The Vice President returns signed tax form to donor.

NOTE: The donor is responsible for submitting IRS Form 8283 to the IRS.

3. Submit forms as follows:
   a. Copy to the Foundation: send originals to Advancement.
   b. If IRS Form 8283 is not submitted with the GRT, send it to the respective office as soon as it is received.

CORPORATE MATCHING GIFTS

Definition: Donations made by certain corporations and organizations matching employees’ donations based on pre-established formulas and limits.

Advancement will accept matching gift requests on behalf of the Foundation provided they follow the guidelines of the IRS and the company providing the match.

PROCEDURE

1. Matching Gift Form & documentation come into Advancement, which reviews for eligibility to be matched.
2. Form is processed and entered into the Advancement module.
3. Director of Development signs off on Matching Gift Form.
4. Claim form is mailed out by Advancement and a copy kept on file.
5. Matching gift check is deposited into appropriate account provided supporting documentation demonstrating eligibility has been included.
6. Advancement sends receipt to the matching gift corporation unless the company requests no receipt.
7. Some claim forms and confirmation are done entirely online and only one person in Advancement can log on and confirm that the gift is eligible. Other claims are done totally internal by the corporations and Advancement never sees a claim form. The matching gift that is received in this manner is reviewed by Advancement to determine if it is eligible, where it should be deposited, or if it should be returned.
CORPORATE/FOUNDATION GIFTS

Definition: An award from a corporation or foundation that does not constitute an exchange transaction and does support the educational mission of the University. All contractual awards and all awards from public agencies, with the exception of those with a philanthropic intent, such as scholarship or event sponsorship support in which no deliverables are required, are not considered gifts and should be recorded by the Office of Institutional Research, Planning and Sponsored Programs (IRPSP). Grants may range from purely philanthropic to completely contractual. On the continuum between the extremes, some grants are processed and recorded by Advancement and some by IRSP.

PROCEDURE

This procedure applies to grants that are facilitated and processed through Advancement.

University Philanthropic Proposal Submission & Recording

1. Faculty/staff grant seeker works with Advancement to determine prospects, discuss and prepare solicitation plan for approval.
2. Faculty/Staff Lead prepares philanthropic grant proposal. Typically includes the purpose of the gift and proposed gift amount, along with any other requested or pertinent information.
3. Final approved proposal will be routed to Advancement for submission to the grantor and filing.
4. Advancement receives award documents or rejection notice from grantor, files and forwards a copy to the originator of the grant.
5. Advancement processes the gift, distributes gift receipt and appropriate letter of acknowledgment to the grantor. Processing procedures will be repeated in the case of multi-year gifts.
6. Advancement turns over the award documents, check, GRT form and criteria to the Foundation for processing and filing.

STEWARDSHIP OF THE CORPORATE/FOUNDATION GIFT & FOUNDATION PROCESSING

1. Foundation sets up account in its system, if a new account is required, and records the gift.
2. As part of the stewardship of the gift, the Faculty/Staff Lead produces any communications or reports required by the grantor. Advancement staff reviews the reports and submits to the grantor.
3. Advancement staff work with the Faculty/Staff Lead to cultivate future funding of philanthropic grants.
4. Advancement sends periodic reports to Faculty/Staff Lead regarding fiscal status of their philanthropic grant.
GUIDELINES FOR GIFTS AND GRANTS ON THE ADMINISTRATION OF GIFTS, SPONSORED SUPPORT AND OTHER RESOURCES ACQUIRED THROUGH EXTERNAL RELATIONSHIPS

PURPOSE AND BACKGROUND

The University engages in diverse activities related to its mission by securing private support, sponsorship of projects by external entities, and other resource opportunities involving external relationships. Resources acquired through such relationships may be donative in nature or may constitute exchange transactions. This document provides broad guidance on the principles to be applied in categorizing and administering external resources effectively and consistently.

Functional Areas Involved

At least two major functional areas of the University are typically involved with private support and external relationships: Advancement and IR/SP. Each area has somewhat different interests or missions, approaches to securing support, and perspectives in administering external resources.

1. Gifts Through the Advancement Function

   The Advancement Office is charged with seeking and securing private/charitable support for the University through gifts. A gift is a voluntary, irrevocable transfer of property (whether cash, securities, tangible property, real estate or intellectual property) by a donor to a nonprofit organization, for example, a university. The term gift is synonymous with donation or charitable contribution. The contributed property must be delivered to and accepted by the recipient. The transfer must not have been made for consideration; that is, nothing of beneficial value returns to the donor, other than the joy of giving and any tax advantage gained.

   A gift does not involve contractual requirements, written or oral. Most gifts are designated for a particular purpose or area of the recipient organization, and if accepted, these designations become restrictions on how the gift may be used. A gift generally results from a solicitation or proposal in which the charitable organization describes how the gift funds would be applied.

   a. Gifts from organizations - Major gifts from foundations or corporations usually involve written proposals, and corporate and private foundation gifts are commonly called grants. This terminology may cause confusion in that the term grant proposal is also used in other functional areas (e.g., sponsored programs). However, gift grants and sponsored program grants have important distinguishing features, as detailed on pages 17-19 in this document.

   b. Planned gifts - Planned or deferred gifts nearly always require a written agreement that creates terms and conditions for both the donor and the recipient institution. The
contractual aspects of such a gift should not be confused with the contractual nature of other external relationships involving support for, or resources acquired by, the University.

Philanthropic funding or gifts, as described above, will be solicited, accepted, and overseen by Advancement, and in the case of gifts from organizations, coordinated by Advancement. Foundation gift accounts are established when funds received from outside sources are designated for flexible though targeted use (or unrestricted use) and are free of the constraints or obligations of sponsored projects. Gifts will usually not require extensive financial or technical reporting by Advancement.

However, Advancement personnel are obligated to assure responsible stewardship by appropriate use of the funds and communication with donors.

2. Sponsored Project Support

Non-philanthropic grants, contracts, cooperative agreements and payment-for-service arrangements represent another significant source of external support for University programs. Such resources may fund research and other projects that represent exchange transactions or that have highly restrictive conditions requiring oversight by IRPSP. Such activities, which are initiated by faculty or other University personnel, normally require a formal proposal that is reviewed and approved by the University prior to submission to the sponsor. Typically, the sponsor will have a written agreement between the University and the sponsor. Sponsors may be governmental agencies (federal, state, local), private foundations and other nonprofits, or commercial entities.

Grants from federal, state and local governmental agencies or entities are usually not considered donative in nature, and thus are normally administered by the IRPSP. Exceptions to this occur in the case of sponsorships or scholarships given by governmental agencies, in which Advancement is credited with the gift. Grants, contracts and cooperative agreements are mostly administered by the University without Foundation involvement, for example when a sponsor makes such an arrangement a condition of the award. Projects of this type should still originate in the IRPSP. One example of this is hybrid projects. On occasion, a sponsor/donor may wish to enter into an agreement with the University that contains elements of more than one type of funding. For example, a corporation or agency may choose to support a research activity by providing an endowed professorship, as well as a research contract. In such cases, the different types of funding should be distinguished and administered separately by the appropriate functional areas. In the example given, the endowed professorship would be administered as a gift by Advancement, and the research contract would be administered as a sponsored project by the IRPSP.

CRITERIA FOR DISTINGUISHING GRANTS AND SPONSORED PROJECTS FROM GIFTS

1. Non-philanthropic Grants, Contracts and Cooperative Agreements
Non-philanthropic grants, contracts and cooperative agreements are established when funds are awarded to the University by external sources in support of research, instructionally related activities, training or service, under an agreement that normally includes one or more of the following:

a. The award instrument is an agreement that binds the University to a set of terms and conditions and requires endorsement.

b. The agreement obligates the investigator to a line of scholarly or scientific inquiry that typically follows a plan specified by the funder, provides for pre-defined testing or evaluation, or seeks to meet stated performance goals.

c. The agreement includes a line item budget that identifies expenses by activity, function or project period. The agreement requires fiscal accountability as evidenced by the submission of financial reports to the sponsor, an audit provision, or the return of unexpended funds at the conclusion of the project.

d. The agreement creates an obligation to report project results or dispose of tangible or intangible properties resulting from the project. Examples of tangible properties include equipment, records, technical reports, theses or dissertations. Intangible properties include rights in data, copyrights or inventions (intellectual property).

e. The agreement seeks considerations such as indemnification or imposes other terms that require legal accountability.

Once again, the exception regarding processing and administering government funding through IRPSP is when monies are awarded for scholarships, event sponsorships or other charitable purposes. In this case, the funds are handled by Advancement.

2. Philanthropic Gifts

Gift grants have the following characteristics:

a. The award supports endowments (e.g., endowed chairs, professorships), capital projects (e.g., construction or renovation, equipment), restricted or unrestricted programmatic support, capacity building or general student support (e.g., scholarships).

b. The award requires only minimal reporting to the donor, which might typically take the form of a description of how funds were used to support the program.

c. The award involves no quid pro quo or exchange transaction.

d. The award of equipment or any other form of property has no restrictions attached to its use.

Philanthropic grants from foundations or corporations are sought, accepted and stewarded by Advancement. Proposals are approved in advance via the Gift Proposal Approval Form.
COUNTING PHILANTHROPIC GRANTS

This process applies to philanthropic grants that are facilitated and processed through the IRSP. In order to include all philanthropic grants in comprehensive campaign counting, steps are taken to identify private gift grants received through the IRSP. Grants received through Advancement are automatically included.

The following steps allow Advancement to highlight the philanthropic grants garnered and administered by the IRSP:

1. Advancement regularly reviews IRSP’s report of submissions, awards and rejections, focusing on new funds received from private sources only.
2. This list is forwarded to Advancement, whose role is to seek further information and determine if the grant is philanthropic in nature. Where a commitment appears to be non-contractual, the grant information should be forwarded to Advancement to be recorded and processed. Non-contractual means that the University has not promised deliverables, other than general reporting on the funded project.
3. Advancement officers discuss the resultant findings with the Director of Development and Vice President of MCA, who conveys the information to the Provost. Where the categorization remains ambiguous, the Vice President of MCA consults with the Provost to make the final decision.
4. Advancement adds grants approved as philanthropic into their gift pool for the fiscal year.

ESTATE DISTRIBUTION

*Definition:* Proceeds of a will or bequest.

Estate distributions are designated per instruction of the estate. If the University is unable to follow the bequest exactly as stipulated under the will, Advancement contacts the executor to obtain a mutually acceptable designation or to decline the gift.

Undesignated bequests are credited as unrestricted bequests, and are used at the discretion of the University.

PROCEDURE

Advancement records estate documents in the Advancement system when it receives new bequest documentation. Copies are also sent to the Foundation for review.

1. Upon receiving bequest proceeds and documentation from an estate, Advancement sends copies of all relevant documentation to the Foundation for review.
2. Advancement prepares a GRT Form. The original check and GRT are forwarded to the Foundation from Advancement.
3. Advancement updates the estate record, issues a gift receipt (except when a receipt is provided by the estate) and acknowledgment letter.

PERTINENT IRS GUIDELINES

1. Bequests to qualified charitable organizations are allowed as deductions when determining the net value of an estate for tax purposes.
2. Tax consequences of testamentary intentions can be complex; please contact Advancement for additional information.

PLANNED GIVING

Definition: A set of ways a donor can leave money/assets to the University at his/her death; or a way to invest money so that the donor receives benefits during his/her life and then bequeaths the remaining funds to the University. For real property gifts, see section on Real Estate.

PROCEDURE

1. Donor inquiries regarding planned gifts are directed to the Director of Development, which forwards planned gift information to the donor for review and acceptance.
2. Once the donor accepts the terms and conditions of the gift agreement, copies of the gift agreement are signed by the donor and returned to Advancement with the gift. Advancement:
   
   a. Sends cash gifts (accompanied by a GRT) through the processing system and follows the path of all other cash gifts.
   b. Sends gifts of real estate through the processing system with GRT to be logged and forwarded to the Foundation. These gifts follow the path of all other gifts of real estate.
   c. For gifts of securities, Advancement receives valuation information from the Foundation and follows the processing path of all other gifts of securities.
   d. Advancement forwards the gift agreement with the donor’s signature to the Director of Development for routing of signatures.

3. Once the agreement has been executed:

   a. The original is forwarded to Advancement to set up the gift in the Advancement system to monitor and maintain the agreement.
   b. One is forwarded to the Director of Development, who keeps a copy.
   c. A copy is forwarded to the Foundation.
BEQUEST INTENTIONS

Definition: Notification by the donor of proposed bequest to the University.

CHARITABLE REMAINDER TRUSTS

A minimum of $50,000 is needed to fund a charitable remainder trust.

PERTINENT IRS GUIDELINES

The income tax deduction in the year of the gift is based on the life expectancy of the income beneficiary or beneficiaries, the amount to be paid annually, and certain expected returns as provided by the federal government.

1. Charitable Remainder Annuity Trust

Definition: A trust that provides for a specific dollar distribution to one or more beneficiaries for life or for a term of years not to exceed twenty. An irrevocable remainder interest must be held for the benefit of, or paid over to, a designated charity. The distribution to the beneficiaries must be a sum that is not less than 5% of the initial fair market value of the trust assets.

The donor may not add to the fund once the fund has been established; however, donors may create additional trusts.

2. Charitable Remainder Unitrust

Definition: A trust that provides for a distribution equal to a fixed percentage of the fair market value, to one or more beneficiaries, for life or for a term of years, not to exceed twenty, after which the assets revert to the Foundation. A unitrust must have a specified payout rate, which must be a fixed percentage that is not less than 5% of the value of the trust assets determined annually. The donor may add to the fund.

POOLED LIFE INCOME FUNDS

Definition: A fund to which each donor transfers property and retains an income interest for the life of one or more beneficiaries. The property is co-mingled with property transferred by other donors who have made similar transfers.

a. A minimum gift of $5,000 is required for participation in the Foundation.
   b. The donor may add sums of $1,000 or more to the pooled life income fund.
   c. The income is variable.
   d. There is no minimum age for participation.
PERTINENT IRS GUIDELINES

1. The tax deduction available in the year the gift is made is based on the life expectancy of the income beneficiary or beneficiaries and the fund’s highest payout rate for the three preceding tax years.
2. Income earned in a pooled life income fund is reported as ordinary income by the beneficiary.

CHARITABLE GIFT ANNUITIES

Definition: A gift transfer of cash or other property to a qualified charitable organization in exchange for a commitment by the organization to pay the donor or a designated beneficiary a specified amount each year. A gift annuity is a contract and may cover a maximum of two lives.

1. A minimum gift of $10,000 is required to establish an AAMU Foundation Charitable Gift Annuity.
2. All gift annuities shall be executed contemporaneously with the acceptance of the gift proceeds, but only after the proposed gift annuity has been reviewed by legal counsel. All gift annuities shall comply with all applicable laws. After execution by all parties, the gift annuity shall be registered in a timely manner with the Alabama Department of Insurance by MCA, Office of the General Counsel or the Foundation.
3. The rate of return is currently based on the tables of the American Council on Gift Annuities (ACGA), dependent upon beneficiary age.
4. The minimum age for participation is 45. Minimum age for a second annuitant is determined on a case by case basis.

PERTINENT IRS GUIDELINES

1. The tax deduction in the year of the gift is based on the life expectancy of the income beneficiary or beneficiaries and the anticipated income payout.
2. Income may be reported as a combination of tax-free income (return of principal), capital gain and ordinary income depending upon the nature of the assets contributed.
3. The donor may not make additional contributions to a charitable gift annuity; however, the donor may enter into additional contracts:
   a. Immediate Annuities - Payments begin immediately for a period of years or the lifetime(s) of the income beneficiaries, whichever is shorter.
   b. Deferred Gift Annuities - Payments begin at a time agreed upon in the annuity contract for a period of years or the lifetime(s) of the income beneficiaries, whichever is shorter.

TRUST HELD OUTSIDE OF THE UNIVERSITY

Definition: Trusts that are managed by an outside source for the benefit of the University.
1. Control of a trust held outside of the University or the Foundation rests with the donor’s designated trustee.
2. The Advancement Office normally holds a copy of such agreements once notice has been given of the trust’s existence.
3. The donor receives gift credit for the portion of the fair market value of the trust that will benefit the Foundation.
4. For lead trusts, the donor receives credit for a pledge and/or each trust distribution.

LIFE INSURANCE

*Definition*: Life insurance for gift purposes allows documentation to be received by naming the Foundation as beneficiary and owner.

1. The Foundation must be named as owner and irrevocable beneficiary of life insurance policies to generate gift credit.
2. A gift of life insurance is credited at the cash surrender value on the date of the ownership change.
3. Corporations may designate the University as beneficiary of insurance policies they hold on members of their boards of directors or trustees. Formal notification of the corporation’s intentions must be given, and the University credits the pledge as a gift from the individual insured.

PERTINENT IRS GUIDELINES

1. If the life insurance policy is paid up, the donor is entitled to a charitable deduction equal to the lesser of the cost basis or FMV of the policy. FMV is defined as the replacement cost of the policy or the single-premium sum that would purchase the same death benefit at the insured’s current age. The cost basis is defined as aggregate premiums paid less the sum of dividends received in cash and amounts surrendered.
2. If the life insurance policy is not paid up, the donor is entitled to a charitable deduction equal to the lesser of the cost basis or FMV of the policy. FMV is defined as the interpolated terminal reserve plus unearned premium.
3. Continued payment of life insurance premiums is deductible by the donor. It is preferred that the donor make payments to the Foundation rather than to the insurance provider. If the donor fails to make the premium payments in a timely fashion, the Advancement retains the right to cash out the policy.

G. FRACTIONAL UNDIVIDED INTEREST

*Definition*: An agreement whereby a percentage of ownership in personal property is deeded irrevocably to the University or the Foundation.

1. Gifts of real estate follow the procedures as stated for real estate.
2. Gifts of securities follow procedures as stated for securities.
3. Acceptance is determined on a case-by-case basis.
4. All fractional undivided interest agreements are subject to the approval of the VP of MCA.

**SUSPENSE GIFTS**

Suspense accounts are set up and tracked when Advancement receives gifts for an account that does not exist. This occurs because the donor makes the gift before a pledge or gift agreement or trust account application has been completed. Completion of the appropriate document results in a new account being set up by the Foundation.

**PROCEDURE**

Even though the account has not been set up, the gift is deposited and credited to Suspense until the documentation is complete and the account is set up. In Advancement, each gift is tracked with its own suspense sub-account. Advancement waits for notification from the Foundation that the account has been set up. Advancement then notifies the Foundation to transfer the funds from the suspense account to the new account. The Foundation notifies Advancement when an account has been setup.

**ACKNOWLEDGMENTS**

Gifts of all levels will be receipted and donors will be recognized appropriately.

**PROCEDURE**

1. All gifts are acknowledged and receipted. Online gifts have computer-generated receipts.
2. Gifts-in-kind are acknowledged by letter, describing the gift but without any reference to a value. For memorial gifts, donors are receipted, and additionally, the family or contact person will receive a letter/card from Advancement noting the names of donors, without dollar amount. If it is a memorial that receives a large number of gifts, the notification to the family is sent at least monthly.
3. A minimum of $10,000 represents a major gift.
4. In addition, acknowledgement letters are sent as follows:
   a. All gifts generate a letter from the VP of MCA
   b. $1,000 and above gifts generate a letter from the President

*The following two sections, denoted with (*), are policies that were approved by the Board of Trustees on October 28, 2011. These policies will be revisited for possible revision every five (5) years to ensure best practices for our University. The Board expressly reserves its right to deviate from the provisions of the forgoing policy at any time in its sole discretion.*
*CRITERIA FOR CREATING ACADEMIC, RESEARCH AND SERVICE PROGRAM ENDOWMENTS*

Named academic, research and service program endowments can be created when the donor has made the commitment (by gift and/or legally binding pledge) for at least the minimum endowment amount. Approval for all academic, research and service program endowments must be granted by the Board of Trustees.

1. The endowment account can be opened when monies are received and essential details are defined (name of account, purpose, etc.). A Gift/Endowment agreement must be created and signed as expeditiously as possible.

2. The minimum amounts required for each type of endowment (used to supplement current University funding) are as follows:

   a. Funding for endowed programs, centers or other academic or non-academic initiatives will start at a minimum contribution of $1,000,000. Naming approval is granted by the Board of Trustees.

   b. Funding for endowed positions will start at a minimum contribution of $500,000. Naming approval is granted by the respective VP, VP of MCA, and the President.

3. New endowments must be fully funded within five (5) years of the creation of the endowment. Exceptions may be granted by the University President. The above referenced minimums apply to endowments that support existing University positions or programs. Funds for new programs or positions must be fully funded before naming.

**INFORMATION REQUIRED**

An account request form may be used if funds have been received without fully executed agreements. The following information must be received by MCA.

1. Pledge/gift/endowment agreement signed by the donor.
2. Endowment fund name (formal name approved by donor).
3. Fund type
4. Description of fund, including preferences or restrictions.

**INCOME SUPPORT FROM NEW ENDOWMENTS**

The AAMU Foundation allocates endowment income annually. New endowments must be vested for one year before income is allocated.
ENDOWMENTS CREATED BUT NOT FULLY FUNDED

If a new endowment is created but is never fully funded, the endowment will continue to exist as a named endowment, but benefits associated with a fully funded endowment will not take effect. Income from the endowment will be used to increase the endowment principal or, at the request of and approval of the VP of MCA, be reapplied for other purposes. Endowed faculty and staff positions will not be filled until the endowment is realized.

*NAMING OF BUILDINGS, OTHER STRUCTURES, STREETS AND GEOGRAPHIC AREAS*

1. The naming of buildings, and other structures (and major portions thereof), streets and geographic areas, require approval by the VP for MCA, President and final approval by the Board of Trustees.
2. The naming of interior and exterior spaces in honor of individuals requires the approval of the respective VP, the VP of MCA and President.

FACILITY NAMINGS

The amount for a facility naming depends upon the actual cost of the project. Naming of an existing facility is based on estimated replacement value or renovation costs. Naming of a new, renovated or expanded facility requires a minimum 50% of the full cost of construction. If the facility already exists and there is no need for renovation or expansion, then the naming amount is 25% of the full cost of construction.

EXAMPLES OF NAMING OPPORTUNITIES

1. Auditorium
2. Smart classroom
3. Conference room
4. Laboratory
5. Farm enterprise labs
6. Gallery
7. Office
8. Foyer
9. Garden
10. Stadium
11. Playing field
12. Arena
13. Practice facility
14. Court
15. Parking lots or facilities
16. Other campus elements: Campus entry mall, walkways, plaza, quad, streets, etc.
DONOR RECOGNITION

Various forms of recognition may occur depending on costs and discipline/area and is determined on a case by case basis with consultation provided by Advancement.

SYSTEM USE AND INFORMATION CONFIDENTIALITY

Advancement provides employees access to a number of individual and organizational information that is confidential. The use of all computers, peripherals, software and telecommunications facilities is reserved exclusively for support of tasks that are required of employees in performing their official duties. The information maintained on all systems is subject to stringent confidentiality restrictions.

Because the data maintained by Advancement includes alumni information, gift/pledge records and biographical data for a large set of donors, faculty/staff, volunteers and friends, from time to time, an employee may handle information about people they know. Employees are required to refrain from discussing such information with non-state, non-AAMU and non-related personnel. Even the most casual conversation may jeopardize the trust placed in us by our constituents.

Information in the form of online inquiry lists, labels, computer tapes/diskettes and reports are available only to authorized University and Foundation representatives in support of approved University activities. It is the responsibility of any individual, department or unit requesting information to maintain the confidentiality of that data, ensuring its appropriate use even after it leaves their hands.

PROCEDURE

1. Each employee must sign a confidentiality form.
2. Requests for data should be forwarded to Advancement. Requests under the Public Records Act must be forwarded to the Vice President of MCA.

SPECIAL GIFTS

Final decisions as to whether to receive or reject any questionable or special gifts will be made by the Vice President of MCA in consultation with the Director of Development. In some cases, the aforementioned individuals may request additional information before either accepting or rejecting a recommendation.
<table>
<thead>
<tr>
<th>Term</th>
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<tbody>
<tr>
<td>Acknowledgement:</td>
<td>Personalized expression of appreciation for the contribution of a gift or service (usually in letter format). A “contemporaneous written acknowledgement” as defined by IRS must include: (1) the amount of cash and a description (but not value) of other property contributed; (2) whether the charity provided any goods or services in exchange for the contribution; and (3) a description and good faith estimate of the value of any goods or services given in exchange for a gift. If the goods or services consist solely of intangible religious benefits, that must be so stated.</td>
</tr>
<tr>
<td>Advance Gifts:</td>
<td>Major gift commitments sought prior to the announcement of a fund-raising program (Leadership Gifts).</td>
</tr>
<tr>
<td>Advancement:</td>
<td>A term used to describe the activities involved in raising funds; used interchangeably with the word development. See fundraising programs below.</td>
</tr>
<tr>
<td>Alumna/ae:</td>
<td>The term for a female graduate. The plural for many female graduates is pronounced A-lum-knee.</td>
</tr>
<tr>
<td>Alumnus/I:</td>
<td>The term for a male graduate. The plural for many graduates is pronounced A-lum-ni.</td>
</tr>
<tr>
<td>Annual Fund:</td>
<td>Dollars solicited on a yearly basis (usually) for unrestricted operating purposes. The annual fund, together with tuition revenues and endowment income, is the foundation for an institution’s budget. The annual fund raises money from all constituencies for the “here and now.” It is often said that the annual fund is money to “live by” and that endowment gifts represent money to “grow by.”</td>
</tr>
<tr>
<td>Annual Giving:</td>
<td>A broad, recurring organized effort to seek funds for an organization’s most pressing needs – usually to support current operating expenses.</td>
</tr>
<tr>
<td>Annuity:</td>
<td>A gift made to an institution with a specific income guaranteed to no more than two beneficiaries. The percent interest rate is determined by the age(s) of the beneficiaries. Annuities are</td>
</tr>
</tbody>
</table>
usually paid until the beneficiaries’ death but can be specified for a term of years. Recommended percentages to be paid by age are supplied by the Council on Gift Annuities. Most non-profits follow their recommendations. Payments are guaranteed by the full assets of the institution.

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<tr>
<th>Term</th>
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<tbody>
<tr>
<td>Annuity Trust:</td>
<td>A life income trust that pays a fixed percentage of the trust’s assets as income to beneficiaries. Percentages are not based on age and are more flexible than a simple gift annuity. Payments are made out of the trust’s assets and are not guaranteed by the institution.</td>
</tr>
<tr>
<td>Anonymous Gift:</td>
<td>Usually these are gifts from a donor who does not wish to be publicly recognized.</td>
</tr>
<tr>
<td>Appeal Letter:</td>
<td>A request for contributions. Could be mass-produced or personalized.</td>
</tr>
<tr>
<td>Area Campaign:</td>
<td>A fundraising effort which concentrates on prospects in a specific geographic location.</td>
</tr>
<tr>
<td>Assets:</td>
<td>Accumulated property which has value.</td>
</tr>
<tr>
<td>Assignment:</td>
<td>1. Staff responsibility for soliciting a prospect. 2. Transfer of property rights within a contract or a trust to another person or institution.</td>
</tr>
<tr>
<td>Bargain Sale:</td>
<td>A sale of property to a nonprofit organization at less than fair market value. The seller then avoids capital gains tax on the gift portion of the property’s appreciated value.</td>
</tr>
<tr>
<td>Benefactor:</td>
<td>A contributor, usually at a significant level.</td>
</tr>
<tr>
<td>Beneficiary:</td>
<td>One who receives assets by will or life insurance policy or one who receives income from a trust.</td>
</tr>
<tr>
<td>Bequest:</td>
<td>A gift of real or personal property made through a will.</td>
</tr>
<tr>
<td>Boiler-Plate:</td>
<td>Standardized copy prepared once and then inserted in reports and proposals. Also used to describe standardized legal forms.</td>
</tr>
<tr>
<td>Book Value:</td>
<td>The value of an asset/gift as recorded on the date it was transferred. This is usually contrasted with an asset’s current value.</td>
</tr>
</tbody>
</table>
market value, which reflects changes in the value of the asset as the result of investment strategies and the market.

Bricks and Mortar: Refers to the physical needs of an organization.

Budget: The allocated or projected costs of a program or project.

Campaign: A term used to describe any sort of fundraising program which is organized around a definite time frame and specified goals.

Comprehensive Campaign: A periodic, highly visible fund-raising campaign to raise substantial monies to finance major building projects, to supplement endowment funds, and to meet current operating needs. The goals for campaigns are usually in the millions and the timetable for executing such an effort lasts from three to seven years.

Capital Campaign: A periodic, visible effort to raise substantial monies for building projects or endowment. Such an effort usually lasts for three to five years.

Capital Gain: Profit resulting from the sale or other disposition of an appreciated asset. (Appreciated: increasing in value, as opposed to Depreciated: decreasing in value.)

CASE: (1) Council for Advancement and Support of Education (CASE). (2) The points which an organization makes to explain the value of and need for charitable gifts. Usually based on historical performance and future potential.

Challenge Gift: A donor (or group of donors) makes a gift contingent on increases in giving by the organization’s constituency. The terms of the challenge can vary but should be based on a carefully prescribed formula which will apply over a specific period of time. The aim is to significantly increase the total level of giving through a quick, large infusion of funds and the application of a matching formula.

Charitable Lead Trust: A trust in which money or property resides for a specified number of years during which a charity receives the income. When the term of the trust ends, the principal reverts to the donor.

Codicil: An addition to a will which may modify, or revoke provisions in the will.
Community Foundation: A foundation that exists specifically to support organizations and projects within a specific community.

Comprehensive Gift: The presentation of complete gift packages to prospects usually involving annual, major and deferred gifts thereby working out the best philanthropic plan for each donor.

Constituency: An organization’s prospect pool.

Constituency Survey: A broad-based effort usually conducted by phone or direct mail to find out more about an organization’s constituencies.

Contingent Gift: A gift which is made subject to certain conditions or restrictions.

Corporate Foundation: A foundation established by a corporation to handle all or part of its philanthropic activities.

Cultivation: The gradual process of educating potential donors about an organization’s purposes and needs prior to soliciting these prospects for gifts. Also referred to as “engagement.”

Deferred Gift: A gift which promises funds at a future date. Generally these are funds set up during a donor’s lifetime, but which do not benefit an organization until some future time – usually upon the death of the donor and/or beneficiaries.

Designated Gift: A gift directed by the donor to a specific purpose.

Development: A term used to describe the activities involved in raising funds; used interchangeably with the word advancement.

Direct Mail: The solicitation of funds by mail. This usually refers to mail sent via “bulk” mail.

Donee: One who receives a gift. A donor is one who makes a gift.

Endowment: This is like an institution’s savings account. These funds are invested and produce what is called endowment income. If a donor so specifies, endowment income can be restricted to specific purposes. To keep pace with inflation, most institutions usually have spending policies that require a portion of the fund’s income be reinvested in the endowment fund. This increases the fund’s total amount and subsequent interest income. Quasi endowment gifts may be spent in their entirety. The principal of
Permanent or True endowments may not be spent; only the income may be used. An institution’s financial strength is usually measured by its endowment.

Estate: A person’s total assets, usually referenced at death.

Feasibility Study: A study usually done by fundraising consultants to ascertain whether an organization’s constituents will support its fundraising plans. A feasibility study is usually done in anticipation of an upcoming comprehensive campaign.

Fiduciary: A person charged with the duty of trust on behalf of another. Usually refers to responsibilities related to an estate or trust.

Fund-Raising Programs: The following programs are commonly found in an advancement office:
- Annual Fund - see above
- Major or Leadership Gifts - an organized approach to a selected group of prospects who can make capital gifts.
- Principal Gifts - similar to major gifts, but focused on the highest potential prospects of an institution.
- Planned Giving - an organized approach to selected individuals enabling them to plan for their and their family’s financial well-being while making current gifts to and future provisions for charity.
- Foundation and Corporate Relations - an organized approach to organizations that make grants to educational institutions.
- Advancement services – includes research, stewardship, events, communications, gift processing, records management, computing.

Gift Annuity: Obligates an organization to pay a donor and designated beneficiaries a fixed sum annually for life. Is a “debt” obligation rather than a “trust” obligation. Also see Annuity.

Gift Club: A minimum level to which donors are asked to give usually in return for special recognition or services. Special gift clubs are usually established in a series e.g. $100, $500, $1,000, and the aim is to move donors up.

Gift Opportunities: A prepared list showing specific needs with costs attached. Named gift opportunities are suggestions for gifts which will result in donors having the opportunity to put their names or the names of others on facilities, endowed funds, professorships, etc.
Gift Processing: The procedure by which gifts are received, recorded, transmitted for deposit, receipted, and acknowledged.

Gift-In-Kind: A gift of services, equipment, or other property on which the donor may place a monetary value.

Goal: The monetary or procedural objective of a fundraising program.

Grant: Usually refers to a gift from a foundation, corporation or government agency.

Inter Vivos: During life.

Intestate: When a person dies without having a will.

Irrevocable Trust: A trust, whose terms cannot be changed, amended or revoked.

Joint Tenancy: A form of property ownership where when one joint tenant dies, his or her interest passes directly to the surviving joint tenant outside of a will so no probate is required.

Kickoff: The official, public announcement launching a fundraising program, usually a comprehensive campaign.

Letter of Intent: A letter indicating a prospect’s intent to make a gift, which includes the purposes for which the gift is given and guidelines and policies of the institution governing the administration of the gift. Not necessarily legally binding. Also referred to as a Statement of Understanding.

Life Estate: A donor gives a residence or farm to an organization and retains the right to live in the residence for life and/or for the life beneficiaries.

Lybunt: Acronym for “Last Year But Unfortunately Not This” referring to a donor who gave last year but not yet this year. Usually a good prospect.

Market Value: The current value of an asset.

Matching Gift: 1. A gift made on the condition that it be matched within a specified period of time.
2. A gift made by a corporation to match a gift by one of its employees.

Memorial Gift: A gift made to memorialize a specific person after his or her death. Gifts to honor the living are usually called “in honor of” gifts.

Non-Donor: Refers to a person who has a logical and obvious connection to an organization but has never made a gift. May have been asked through direct mail or some other means, but up to this point has chosen not to make a gift.

Nucleus Fund: Advance contributions to a fundraising campaign that demonstrates the commitment of the organization’s leadership to the effort.

Outright Gift: A gift made immediately without any conditions.

Personal Solicitation: The act of meeting with an individual in person to make the case for an organization/project and to request his/her support of it.

Philanthropy: Concern for human beings expressed through the giving of money, property, or services to organizations which advances human welfare.

Phonathon: An event at which callers, either volunteers or paid solicitors, call prospective donors to solicit gifts.

Planned Giving: 1. The application of financial planning concepts to an individual donor’s plans for lifetime and testamentary giving. 2. The more common term for deferred giving.

Pledge: A donor’s commitment to make a gift of a specific amount over a specific period of time. Most institutions require that a pledge be documented (signed and dated) before the amount is reported in their fundraising totals.

Pledge Card: A printed form, used by solicitors or in direct mail to obtain gift commitments.

Pooled Income Fund: A type of charitable remainder trust which functions like a mutual fund. Gifts from many donors are pooled by the institution and invested. Emphasis is usually on higher interests rates than a gift annuity and will fluctuate based on the fund’s performance.
Payments are paid to each donor based on fund performance and the amount a donor has invested in the fund. This process is referred to as unitization.

Proposal: A carefully prepared and documented written request for funds.

Prospect: Any potential source of support.

Rating: Process for evaluating the gift potential of prospective donors. Usually is determined through a combination of research efforts and the opinions of key leadership.

Readiness: An organization’s condition relative to being prepared to mount a successful fundraising program (campaign).

Restricted Gift: A gift given for a specific project or purpose by the donor (designated gift). Restricted gifts are sometimes for items not currently in the annual budget or for projects that are in addition to the budget (budget enhancing vs. budget supporting).

Revocable Trust: A trust whose terms and provisions can be changed, amended or revoked.

Rifle-Shot Approach: A solicitation which is directed to a narrow prospect pool, as opposed to the “shotgun” approach which goes indiscriminately to a broad-based constituency.

Scale of Gifts: A scale of gifts identifies how many donors will be needed at various levels of giving in order to raise a specific amount of money. Also called a Table of Gifts and a Gift Pyramid, this device is a fundamental tool of fundraising used in annual giving and in campaigns of all sizes.

Sequential Giving: A guiding principle of fund-raising which states that gifts should be sought “from the top down.” Get the big gifts first and move on in sequence to smaller gifts.

Special Event: A “public” activity intended to either raise funds or to draw attention to an organization during a fundraising campaign.

Steering Committee: A committee of key volunteers that has oversight responsibility for a fundraising program.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Sybunt</td>
<td>Another acronym, “Some Year But Unfortunately Not This,” referring to a donor who at some point in the past has given a gift but has not done so in the current year.</td>
</tr>
<tr>
<td>Telethon</td>
<td>A television program where viewers are encouraged to call in pledges in support of a specific cause. Contrast with phonathon where callers call an organization’s constituents.</td>
</tr>
<tr>
<td>Testamentary Gift</td>
<td>A gift specified within a will. Effective only after death.</td>
</tr>
<tr>
<td>Testamentary Trust</td>
<td>A trust established within a will. Effective only after death.</td>
</tr>
<tr>
<td>Timetable</td>
<td>A detailed list of the components of a fundraising program organized by due dates and lead times needed to accomplish tasks.</td>
</tr>
<tr>
<td>Token Gift</td>
<td>A gift considered to be below the capability of a donor.</td>
</tr>
<tr>
<td>Trustee</td>
<td>An individual who serves on the governing board of an institution and has legal and fiduciary responsibility. The primary responsibility of the Board of Trustees is to hire and evaluate the president or head.</td>
</tr>
<tr>
<td>Unitrust</td>
<td>A life income trust that pays a varying percentage of the trust’s assets as income to beneficiaries.</td>
</tr>
<tr>
<td>Unrestricted Gift</td>
<td>A gift made without any conditions or designated purpose by the donor. Unrestricted gifts provide the greatest flexibility.</td>
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<tr>
<td>Year-End Appeal</td>
<td>A solicitation usually by mail aimed at encouraging gifts at the end of the calendar year to take advantage of tax deduction opportunities.</td>
</tr>
</tbody>
</table>