

Gifts, Loans, Endowments, and Bequests

Original Implementation: July 18, 1981

Last Revision: January 31, 2017

Authority to accept gifts, loans, endowments and bequests made to Stephen F. Austin State University is vested in the president of the university by the Board of Regents. Gifts, loans, endowments and bequests to any entity of the university should be reported through normal administrative channels.

The president of the university has been authorized to accept gifts under the following conditions:

1. A gift, loan, endowment or bequest which may require commitment of funds, personnel, space or other resources shall be approved by the president prior to any commitment of action on behalf of the university.
2. The university is authorized, with prior approval of the president and ratification by the Board of Regents, to accept gifts or devise of real property for the establishment of scholarships, professorships and other trusts for educational purposes provided such property will not require appropriations by the legislature for operation, maintenance, repair or construction of buildings.
3. Privacy of donor identity may be granted by the university with the exceptions noted by the Public Information Act or the Internal Revenue Service when public recognition is not desired by the donor.

The terms under which any loan, endowment or bequest is offered and accepted shall be provided in a written agreement between the donor and the university. The general counsel of the university shall review any bequests made to the university prior to acceptance by the president. All original deeds of trust, wills, endowments, original records, etc., should be forwarded to the Office of Development for safekeeping.

The Office of Development is the primary source of contact with people in the private sector for purposes of soliciting private funds. No individual or company may be solicited for any gift, loan, endowment, or bequest by any member of the faculty or staff of the university until that individual has presented the Office of Development with a copy of the proposal or request for funds.

Research grants or performance contracts which are privately funded are administered through the Office of Research and Sponsored Programs, and are not under the provisions of this policy.

Alumni/Donor Database System

The university is the owner of the official university's alumni/donor database system, currently Raiser's Edge. The database system is shared between the Office of Development and the Office of Alumni Relations for the purpose of conducting business with alumni and donors of the university. The Office of Information Technology Services is responsible for the technical support of the alumni/donor database system.

The university has designated the Office of Development as the manager of the alumni/donor database system. Therefore, the Office of Development is responsible for the administration of records, coordination of all gift information, reporting, monitoring of user access and the security of the database system.

Solicitation of Gifts

The Office of Development is responsible for soliciting, coordinating, approving and reporting all gifts and fundraising efforts from the private sector. This includes both projects and proposals initiated by the Office of Development and those initiated elsewhere within the university and its related entities. To fulfill its mission, the Office of Development must be kept informed in a timely fashion on all actions related to fundraising.

1. All university departments, including faculty, staff, students, student organizations (as per policy 10.9, Student Organization Formation and Recognition) and the related 501(c)(3) entities are responsible for coordinating and clearing all fundraising projects funded by individuals, foundations and corporations before-the- fact in writing. All fundraising projects shall comply with SFA policies and procedures, as well as federal and state laws.
2. If any faculty member, staff member, student or student organization receives any unsolicited question from a prospective donor regarding a possible gift to the university or the Stephen F. Austin State University Foundation, Inc., the Office of Development should be notified of the inquiry as soon as possible following the initial contact.

Acknowledgment of Gifts

In order to insure accurate recording of all private support for the institution and to properly acknowledge private donors' gifts, the Office of Development will coordinate the acknowledgment of gifts.

1. All offices are responsible for forwarding any gifts received to the Office of Development for receipting and reporting purposes or to the bursar's office (as per policy 3.16, Gift Reporting). This will ensure accurate recording of all private support for the institution, fulfill the receipting requirements of the Internal Revenue Service, and properly

acknowledge that support. Further, all gifts and any accompanying correspondence, instructions, etc., are to be forwarded to the Office of Development for processing. Gifts-in-kind such as equipment, furniture and art objects are to be reported in writing to the Office of Development via the Gifts-in-kind form located at www.sfasu.edu/giving/documents/gift_in_kind.pdf.

2. Any written statement concerning tax deductibility of contributions must be reviewed and approved by the Office of Development.

Use of Gifts, Loans, Endowments and Bequests

Gifts, loans, endowments and bequests made to Stephen F. Austin State University shall be used for the purpose designated by the donor. If a purpose is not specified by the donor, and the amount of the gift is \$100,000 or more, utilization shall be as directed by the Board of Regents after consideration of recommendations by the president and the vice president for development. If a purpose is not designated, and the amount of the gift is less than \$100,000, utilization shall be as directed and approved by the president of the university.

Gifts received by the university and made payable to the Stephen F. Austin State University Foundation, Incorporated, should be forwarded to the Office of Development for transfer and deposit to the foundation. No gifts or bequests to the university may be transferred to the Stephen F. Austin State University Foundation, Inc., the Stephen F. Austin State University Alumni Association, Inc., or the Stephen F. Austin Alumni Foundation, Inc. without petitioning a court of competent jurisdiction, as outlined under state law. Funds gifted to the university for a restricted purpose are considered a charitable trust. Legal title to such funds cannot be transferred to other entities, except as noted above.

Under the authority of the Board of Regents, the vice president for finance and administration of Stephen F. Austin State University is empowered to negotiate and execute the sale of marketable securities donated to the university when such sale is directed or allowed by the donor of said securities. The proceeds of such sale shall be promptly deposited into a university account, to be used as indicated by the donor. All in-kind gifts of \$100,000 or more and all real estate gifts (excluding gifts managed by the SFA Real Estate Foundation) would require specific approval by the Board of Regents for liquidation to a university cash account.

Restrictions on the expenditure of gift funds generally reside within the following three criteria:

1. A gift must be expended in accordance with the donor's wishes.
2. The expenditure of the gift funds must be for the demonstrable good of the institution.
3. The expenditure must provide no private gain to either the donor or the person controlling the expenditure of the funds.

The use of gift funds must meet all three criteria collectively. Some specific examples of expenditures from unrestricted gifts that may be for the demonstrable good of the institution, without private gain for the individual expending the funds, are as follows:

1. awards that recognize or promote faculty development, excellence in teaching, academic achievement, athletic achievement, scholarship, or service;
2. costs related to the promotion of the communication of intellectual ideas among students, faculty, staff and administrators of the university;
3. support of student events and activities sponsored by the university;
4. the recruitment of highly qualified students, faculty and staff;
5. costs related to the promotion of the exchange of ideas with community leaders regarding the role of the university and its programs in the community;
6. costs related to the conduct of accrediting agency visits, visits by other officials from other institutions or representatives outside higher education;
7. costs related to the support of continuing education activities.

Examples of expenditures which may not meet the criteria established are as follows:

1. any expenditure that violates the restriction placed on the gift by the donor;
2. the procurement of private property for the personal, unofficial use of any faculty or staff member;
3. donations or other payments to a political party;
4. any other expenditure expressly prohibited by state statute.

Questions concerning an expenditure meeting these criteria should be referred to the Office of Development.

Real or personal property acquired through gifts, loans, endowments or bequests is subject to the same management requirements as other state property. Disposal of any property acquired through gifts, loans, endowments or bequests shall be handled in accordance with state law and applicable university policies and procedures. Property acquired through gifts, loans, endowment or bequest cannot be disposed of, sold, or transferred without written permission from the Office of Development and the president.

Conflict of Interest

No employee of the university may accept any gift, loan, endowment, or bequest the purpose of which is to establish or be used, in whole or in part, as a salary supplement for him/herself.

Publicity

The Office of Development, in coordination with the faculty/staff contact person, the donor, and the Office of University Marketing Communications, is responsible for coordinating all publicity related to gifts.

Matching Gifts

Certain foundations and companies provide gifts to the university which match contributions made by their employees. For tax purposes, certification is required from the university that the gift of the employee has been received. The matching gift forms, which certify receipt of the gift, require the signature of the executive director or associate director of development.

Foundation Support

The Office of Development has the responsibility of performing certain support functions for the Stephen F. Austin State University Foundation, Inc. This includes receiving, receipting, acknowledging, and reporting gifts received by the foundation, as provided in the Agreement between Stephen F. Austin State University and the Stephen F. Austin State University Foundation, Inc.

Library

Unrestricted gifts of books and other library related materials to Stephen F. Austin State University, not to include equipment such as tape recorders, etc., will not require the usual approval process as authorized in this policy.

Definitions

1. Gift. A gift includes the gratuitous transfer of cash, cash equivalents such as securities and negotiable instruments, and real or personal property which generates income or may be sold for cash, for the purpose of enhancing the university and its programs, without expectation of specific benefit by the donor.
2. Loan. Real or personal property furnished for the temporary use of the university.
3. Endowment. An endowment is comprised of a gift, in which the donors have stipulated that the principal must be invested and only the income used to fund a project or need. The principal remains intact in perpetuity, thereby continuing to generate income to be used by the university. Endowment funds are classified into four different categories:
 - a. Permanent Endowments. These endowments are sometimes referred to as "true" or "pure" endowments and are assets designated by the donor to be held in perpetuity. If specifically stated in writing by the donor, the corpus assets of this category of endowments may never be spent and income derived must be expended in accordance with the written terms and conditions established by the donor and the university. Otherwise, the governing board may appropriate for

expenditure, for the uses and purposes for which the fund is established, the net appreciation, realized and unrealized, in the fair market value of the assets of an endowment fund over the historic dollar value of the fund to the extent allowed under the University Management of Institutional Funds Act or other applicable law.

- b. Term Endowment. In this category of endowments, the donor has specified that following a particular date or event, the assets of the endowment may be expended in accordance with the terms and conditions as specified. Until the passage of the specific date or event, this type of endowment will operate in a manner similar to the permanent endowment with the income used in accordance with the written terms and conditions established by the donor and the university.
- c. Quasi-Endowments or Quasi-Funds. The Board of Regents may, with formal action, set aside certain institutional funds to be maintained as endowments. The formal action by the Board of Regents will specify the use of the assets and income derived, and set other terms and conditions relating to the fund. The Board of Regents may, with formal action, change the terms and conditions of the endowment including cessation of the endowment and the return of the assets to the original source of funding, or change the use or purpose as may be appropriate and authorized by law.
- d. Funds Held in Trust by Others. Some donors may choose to make income from endowment-type funds available to the university, but will leave the possession of the assets in trust with a third party. In this case, the endowment is not recorded as an asset of the university. In accordance with the Generally Accepted Accounting Principles (GAAP), the existence of the trust must be disclosed in the notes to the university's financial statements.

A minimum gift of \$20,000 shall be required to establish any endowment. An endowment can be initiated with an amount less than the stated minimum with the understanding that all future gifts and all income must become part of the endowment to assist in bringing the endowment assets to the \$20,000 level, and if after five years from the date of the original gift, the value of the assets has not reached \$20,000, the endowment may cease and the existing assets of the fund shall be transferred to a separately established Restricted Fund and expended consistent with the terms and conditions of the original gift. Exceptions to the \$20,000 minimum level may be made if a donor made contributions with the understanding that a prior minimum amount was required, contributions were made toward that minimum and the minimum is reached during the applicable five-year period.

Specific minimum endowment levels for academic positions are established as follows:

\$1,000,000 - Endowed Chair or equivalent title, depending upon the area;

\$250,000 - Endowed Distinguished Professorship or equivalent title, depending upon the

area; and

\$125,000 - Endowed Professorship or equivalent title, depending upon the area

Cross Reference: Tex. Educ. Code §§ 51.001-.009, 95.34, Ch. 101; Uniform Prudent Management of Institutional Funds Act, Tex. Prop. Code Ch. 163; Uniform Prudent Investor Act, Tex. Prop. Code Ch. 117; Texas Public Funds Investment Act, Tex. Gov't Code Ch. 2256; Gift Reporting (3.16); Student Organization Formation and Recognition (10.9).

Responsible for Implementation: Vice President for University Advancement

Contact for Revision: Vice President for University Advancement

Forms: Gift-in-Kind Form

Board Committee Assignment: Finance and Audit