

Acceptance and Processing of Gifts

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Policy:	Acceptance and Processing of Gifts
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100.00 Introduction and Purpose

External financial support is a desirable and necessary component for the future welfare of the University. These guidelines are intended to clarify responsibilities of MSU and the MSU Foundation with regard to gifts in an effort to avoid confusion on the part of those seeking and providing support and to assure compliance with relevant state and federal documentation requirements.

The Montana State University Foundation, Inc. has the primary administrative responsibility over activities that will result in or that concern fund raising, gifts and philanthropic gifts for the benefit of Montana State University, except for areas of the University that have separately-established non-profit fundraising organizations which are formally affiliated with the University. Examples of such organizations are the Bobcat Club; the Museum of the Rockies, Inc.; Montana 4-H Foundation; MSU Alumni Association; and Friends of Montana PBS.

The Office of Vice President for Research, Creativity & Technology Transfer and the Office of Sponsored Programs (OSP) have primary administrative responsibility over activities that will result in or that concern the development and subsequent administration of sponsored programs.

Although this policy does not govern the activities of the Office of Sponsored Programs or the administration of contracts or other similar agreements, it does contain guidance to assist in determining whether a transaction is considered a donation or a sponsored program.

200.00 Definitions

- **Quid pro quo**—A *quid pro quo contribution* is a payment made to a charity by a donor partly as a contribution and partly for goods or services provided to the donor by the charity. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the payment is \$60.

300.00 Gift vs. Sponsored Program

Donors are to be directed to the MSU Foundation, while sponsored programs are the responsibility of MSU's Office of Sponsored Programs. **Appendix A** contains detailed descriptions to assist in determining under which category a receipt of funds lies. If there is a question regarding classification of external funding as to grant, contract or gift and who should have primary responsibility for the management and reporting thereof, the Vice President for Administration & Finance (or designee), in consultation with the Vice President for Research (or designee), will resolve the issue or assist in the resolution of the issue for recommendation to the President.

Gifts which are accepted by the MSU Foundation are accepted and monitored in accordance with Foundation policies. Gifts which are accepted by MSU are accepted and monitored in accordance with university guidelines and Board of Regents' Policy 901.7- Donations. Department and division heads must collaborate with the MSU Foundation to ensure that funds are expended in accordance with donor wishes.

Scholarship donations to be used within the fiscal year received or subsequent fiscal year may be accepted directly by the Financial Aid Office, as the Financial Aid

Office has an established mechanism for acknowledging and managing such gifts, including receipting of the gift to the donor in accordance with this policy. Longer-term gifts must be directed to the MSU Foundation.

400.00 Acceptance of Gifts

While gifts are generally directed toward the MSU Foundation, unique circumstances may result in gifts directed to MSU. Acceptance of any gift by MSU signifies Montana State University's willingness to administer gift funds in compliance with donor directions. In these cases, the donation will be processed in compliance with Board of Regents' Policy 901.7- Donations. As such, care must be taken not to accept gifts which obligate the University beyond its ability and willingness to comply with donor directions.

Gifts which are accepted directly by the University must be monitored for compliance with donor wishes by the department or division head receiving the gift, and must be receipted and reported in accordance with procedures outlined in Section 600.

400.10 Gifts shall not be accepted by the University if any of the following circumstances exist:

- The gift is in contravention of applicable Federal or State laws, or Board of Regents or University policies.
- The gift would obligate the University to undertake duties, financial or otherwise, which it may not be fully capable of meeting for a period required by the terms and conditions of the gifts.
- The gift involves life income trusts, income-retained or other deferred gifts.
- The gift constitutes a request to the University to operate a commercial endeavor for the sole benefit of the donor or a related person or entity.
- The gift cannot be properly administered within the intended recipient's normal budget or resources (for example, in the case of the requirement for matching funds or resources).
- The gift presents an unreasonable or unacceptable degree of risk due to environmental or health/safety issues.
- The President or the President's designee determines that acceptance of the gift would not be in the best interest of the University.

400.20 Accepting A Gift

Donors must be directed to make gifts payable to the MSU Foundation, which evaluates and accepts gifts on behalf of the University in accordance with their established policies and procedures.

In unique circumstances the University may receive funds directly from donors, which are to be handled as follows:

- Funds directed to the University in error may be deposited through the normal course of business, and subsequently remitted to the Foundation upon approval by the Vice President for Administration & Finance (or designee). For example, an annual fund solicitation that is clearly marked to make checks payable to the Foundation but arrives payable to the University may be so remitted.
- Funds directed to the University due to stipulations in a will or otherwise stipulated by the donor noting that funds be paid to the University may be accepted upon approval by the Vice President for Administration and Finance (or designee).

The acceptance procedure is formalized in Section 600, and must include the departmental presentation of an official gift receipt, shown in Appendix C. Gifts not processed according to these procedures will not be construed as accepted by the University.

400.30 Gifts made by University employees to the University

While Montana State University appreciates charitable financial support of its faculty members and staff, care must be taken to ensure that such support follows all restrictions and requirements of the University, the Montana Board of Regents, the State of Montana and the Internal Revenue Service. Permitting a donor to manage funds to which he or she has contributed increases the possibility of expenditures for personal gain, which might invalidate an otherwise qualified tax deduction of a charitable gift.

A faculty or staff member who wishes to contribute to a gift, and who will be involved with the expenditure of the proceeds, must comply with the following:

- a. Such gift must be made to the MSU Foundation in accordance with its policies and procedures;
- b. Expenditures of the donated funds must be approved in accordance with MSU Foundation disbursement policy.

400.40 Honoraria as Gifts

Honoraria are defined under IRS policy as payments for services rendered by the speaker and/or consultant, and are reportable as income to that speaker or consultant for personal income tax purposes. Faculty or staff members who receive honoraria are welcome to subsequently donate these funds to the MSU Foundation.

If the organization making the payment issues a check directly to MSU, the check may be accepted by the University rather than the MSU Foundation. Someone other than the faculty or staff member generating the income should approve expenses from the fund.

400.50 Converted-to-Cash and In-Kind Gifts

Converted-to-Cash gifts are non-monetary assets or property, which will be converted to cash for the benefit of the University. They include: stocks and securities; livestock; real estate; and other items requiring more than nominal effort to convert into cash. Converted-to-Cash gifts also must be directed to the MSU Foundation. Exceptions to this general rule must be agreed to by both the MSU Vice President for Administration and Finance or designee and the MSU Foundation.

With the exception of stocks and securities, and in accordance with IRS regulations, the donor is responsible for determining the value of non-cash gifts. Donors should establish the fair market value of the gift with a recognized independent appraiser. All costs associated with such appraisals are the responsibility of the donor. University staff may not provide valuations, appraisals or estimates of value to donors.

In-Kind Gifts include assets that are used as presented. Specifically, these gifts might include computer hardware and software, analytical equipment, agricultural equipment, livestock, vehicles, library archive collections, musical instruments, and any material that the University would otherwise need to purchase. The donor of an in-kind gift must also obtain an independent appraisal as for non-cash gifts to document deductibility. All costs associated with such appraisals are the responsibility of the donor. Donors should consult their own tax advisors when considering in-kind gifts.

If solicited by the MSU Foundation, an in-kind gift should be reported to the MSU Foundation so that donor records remain up to date and proper acknowledgement can be arranged. If solicited by the University, then in-kind gifts must be acknowledged by the University department receiving the gift but need only be reported to the MSU Foundation if in excess of \$5,000.

Real Property may be accepted by the MSU Foundation in accordance with its established policies and procedures.

400.70 Restricted Gifts

Restricted gifts are often received with the stipulation that the contribution be used for a specific purpose such as faculty recruitment, equipment purchases, student financial assistance or research (other than for sponsored research programs). Gifts may also be restricted to support specific research. All restricted funds may only be expended in accordance with University and Foundation policies, as applicable.

400.80 Scholarship Gifts Received Directly by the University

Scholarship gifts support the education of students. Scholarships are awarded through the Financial Aid Office according to criteria approved by the Financial Aid Office, department requirements, and donor restrictions. The University determines individual scholarship recipients.

Payments from individuals or organizations for scholarships to specific students are not considered gifts to the University.

400.90 Student Loan Funds

Student loan funds are donor-established funds that are loaned to students and administered by the University. The funds are repaid to the University, or designated third party, by the students who accepted the loan. The Financial Aid Office makes loan awards, as with scholarships. Because loan funds require collection efforts by the University, the acceptance of such funds, including terms and conditions, require the approval of the Vice President for Finance & Administration or designee and the Vice President for Student Affairs or designee.

500.00 Gift Processing

If received directly by the University, gifts must be processed in accordance with University policy and state law. See section 600.

500.10 Monetary and Equivalent Gifts (non-scholarship)

Most gifts will be monetary and equivalent. See checklist at Appendix D for the steps to follow in processing gifts.

500.20 In-kind gifts

Gifts of capital assets worth over \$5,000 at the time of donation must be reported to the property management office at propmgmt@montana.edu for inclusion in MSU's audited financial statements.

Values of trade-outs received for services, such as auto usage and travel, must be reported to the University Business Services office by June 15th of each year, to the attention of the Director of Accounting and Financial Reporting.

600.00 Reporting Monetary Gifts Received Directly by the University

Generally, monetary gifts are received through the process as noted in sections 400 and 500 of this document. Following this process, the MSU Foundation receipts the gift in accordance with IRS regulations, and the college or department sends an acknowledgement letter.

If funds are received directly by the University, then the receiving college, department, or faculty member must notify the Vice President for Administration & Finance or designee, and must also inform the MSU Foundation. A gift reporting form must be used to notify the Foundation, and is included as Appendix B. Upon receipt of the gift reporting form, the MSU Foundation will ensure that donor history records are updated. The Foundation will also document the nature of the reason for a direct gift rather than a gift to the Foundation to better coordinate future contacts with the donor.

Because the gift is received directly by the University, it is the responsibility of the receiving college, department, or faculty member to properly receipt all gifts exceeding \$75.00, in accordance with Internal Revenue Service requirements. See section 700.00 of this document for instructions regarding proper acknowledgement and substantiation of gifts.

700.00 Acknowledgment and Substantiation

Gifts directed to the MSU Foundation will be receipted and acknowledged by the MSU Foundation and may also be acknowledged by the department.

Monetary and in-kind gifts received directly by the University must be receipted by the University department in accordance with IRS guidelines. A sample receipt is included as Appendix C.

Substantiation Requirement for Gifts Over \$75

Specific requirements exist for documentation of gifts over \$75. The department has an obligation to send the donor a receipt for these gifts. The donor must receive the receipt prior to filing his or her tax return. If cash, the amount of the gift must be stated on the receipt. If an in-kind gift, the receipt must describe the property but should not state a value. Normally, the receipt indicates that the university provided no goods or services to the donor. If there is a "Quid Pro Quo," that must be stated on the letter.

800.00 Internal Control Considerations

Internal controls related to segregation of duties and the receipt and reconciliation of revenue must be followed. Review discussions at <http://www.montana.edu/wwwaudit/index.html>, selecting the Beginners Guide.

Appendices

Appendix A - Gift vs. Sponsored Program

Indicators for Administration by the Office of Sponsored Programs

If one or more of the following indicators exist, the Office of Sponsored Programs will generally have responsibility for solicitation, negotiation, receipt, and administration of the award and for insuring proper accounting of expenditures, maintaining auditable records, and providing proper accountability to sponsors.

- The award is for the performance of specific activities which are usually described in a written document containing programmatic objectives that are to be accomplished within a specific time and budget framework, with deliverables required upon completion (beyond a mere accounting of the funds).
- Award is revocable by the sponsor for cause.

- Cost sharing at a specified level is required.
- Award is for work that would result in some form of material benefit to the sponsor.
- The sponsor desires to place restrictions on publication of data from studies supported by an agreement. This would include outright restriction of publication or requirement for prior review or approval by sponsor. (It should be noted that the University agrees to such restrictions only on rare occasions.)
- The sponsor wishes to obtain proprietary rights to results from activities conducted under an agreement. This would include any specification of disposition or proprietary rights and/or references to licensing arrangements for patents or copyrights.
- Studies are to be conducted on substances/products/processes, etc. that are owned by the sponsor.
- The activity involves the use of human subjects, laboratory animals, radiological hazards, biological hazards, or recombinant DNA.

Indicators for Administration by the MSU Foundation

If one or more of the following indicators exist, the MSU Foundation will generally have responsibility for solicitation, negotiation, receipt, and administration of the funds and for insuring proper accounting of expenditures, maintaining auditable records, and providing proper stewardship with the donor.

- The funds are from a private source either individual or corporate and are intended as a gift not a grant and are without expectation of material benefit to the donor.
- The donor intends the gift to be irrevocable and, therefore, relinquishes the right to reclaim the gift.
- The conditions or stipulations placed on the intended use of the funds serve only to direct the funds to expenditure within specific areas, such as endowments, scholarships, bricks and mortar, or general support of the University programs.
- If the funds are to be used for scholarship or loan purposes, the donor will have no part in determining individual recipients.
- The only reporting requirement is an accounting of how the funds were spent.

Appendix B: Montana State University GIFT REPORTING FORM

In accordance with University Policy on Acceptance and Processing of Gifts (the "Policy"), Donors must be directed to make charitable gifts to MSU Foundation with instructions as to which college, department, program, etc. should receive the benefit of the gift. However, there may be unique instances where a gift is made directly to the University (e.g., Corporation makes gift of computers directly to a department of the University.) Use this form to report the gift to the Foundation. Pursuant to Sections 400.20, 400.50 and 600.00 of the Policy, report cash gifts in excess of \$75 and non-cash ("in-kind") gifts having a value in excess of \$5,000. Submit the completed form to: MSU Foundation, Foundation and Alumni Center, or by e-mail to foundation@montana.edu.

Donor Information-Complete either individual or corporation section	
Individual Donor	Corporate or Company Donor
Name(s):	Name:
	Co Rep:
Address: Address:	
City: City:	
State/Zip Code:	State/Zip Code:

May we publicize this gift on donor honor roll? Yes No
 Was this gift solicited? Yes No By whom? _____
Why was this gift made directly to MSU? _____

Gift Information

Gift Type: Cash Non-Cash (Gift-in-kind)

Amount of Gift (if cash): \$ _____ Date of Gift: ____/____/____

Description of property gifted (if non-cash). Please attach documentation of description and valuation of gift.

Approximate value of gift (if non-cash gift): \$ _____

Please note: If donor is an individual and the non-cash gift is over \$5,000 (except publicly traded stock), donor should be advised that IRS may require a qualified appraisal to substantiate a charitable contribution.

Goods or services exchanged for the gift? Yes No

If yes, what is the value of goods or services provided? \$ _____

Purpose of Gift	
Purpose/use of gift (<i>Is the gift designated for specific college, department, program, indicate below.</i>)	
Related purpose (if non-cash gift of tangible personal property), describe how use is related to purpose/function of University?)	
Will the gift be sold within two years? Yes No If yes, IRS must be notified of sale (Form 8383 required).	
<i>For non-cash gifts, check all that apply:</i>	
Tangible personal property	Property used in trade/business
Inventory	Work of art created by donor
Closely held stock	Out-of-pocket expenses in giving services

Acceptance

Gift received by MSU (Representative of College, Department or Program):

Name/Title
College/Department/University Office

Signature address Date Campus

Appendix C

Sample Receipt to be sent if the department receives a gift that is **not** sent to the Foundation:

(Date)
(Name)
(Street & No)
(City State Zip)
Dear _____:

It is a pleasure to acknowledge receipt of your gift to the Montana State University-Bozeman (IRS #81 6010045).

On (date) the (receiving department, college, or program) received your gift of \$_____ (if not cash, include detailed description of the gift property and **do not include a value**) in support of (describe any restrictions on the use of the gift).

To substantiate your gift for IRS purposes, the tax law requires that our receipt include specific language. (if no goods or services add this sentence) You have received no goods or services from the University in exchange for your gift. (if goods or services exchanged add this sentence) In consideration of this gift you have received goods or services having a fair market value of \$_____.

Keep this receipt together with your important tax papers. To claim a tax deduction for a charitable gift of \$75 or over you must have the receipt in hand before you file your tax return.

(if not a cash gift, add) For claimed charitable gifts of property valued at \$5,000 or more per item or group of similar items (other than certain publicly traded securities), the Assistant Vice President for Financial Services will sign your IRS Form 8283 to acknowledge receipt of the gift property. If the University sells the gift property within two years of date of receipt, it must file IRS Form 8282. As always, seek the advice of competent tax counsel for how the tax laws apply to you.

We appreciate this expression of your commitment to and support of Montana State University. It is needed and we are truly grateful.

Sincerely,
(Name and Title of University Official Receiving Gift)

Appendix D: Checklist for receipt of gift

- University representatives should request donors to direct funds (check, stock certificate, certificate of title) to the MSU Foundation. For anything other than a US Funds check, consult Foundation personnel immediately for additional guidance.
- Coordinate acknowledgement of the gift with the MSU Foundation.
- The department must establish a departmental account at the Foundation to receive gifts. Individual gift or departmental-level accounts will be established by Foundation personnel in accordance with Foundation policies, which may include an administrative fee assessment on the gift.

- Simultaneous with the establishment or deposit to a Foundation account, request an account on MSU's Banner accounting system (or determine an existing Banner fund to house the gift activity). The fund will be established as a restricted gift fund, because the donor has indicated that it is intended only for a specific department and/or purpose. Obtain an index application form at <https://www.montana.edu/ubs/forms.html>
- Expend funds from the Banner account through the processes as outlined in the Business Procedures Manual at /policy/business_manual/
- Request reimbursement for expenses or obtain an expense advance from the Foundation to fund the Banner account in accordance with Foundation policies.
- Deposit reimbursement/advance checks from the Foundation within 24 hours of receipt. The deposit must be timely to comply with state law as described at /policy/business_manual/bus300.html#350.00
 - Generally, for other than Scholarship gifts, the account code to be used is "Miscellaneous Restricted Gifts," revenue account code 53950.
 - If a written cost-sharing arrangement is in place, certain Foundation receipts are not considered gifts but reimbursement of expense, and should not be coded to 53950. If uncertain, consult University Business Services to inquire as to appropriate coding.
 - In rare circumstances, an expense is paid by the University in error, and should have been a Foundation expense. Expense abatement may be appropriate when the Foundation remits payment to the University. Consult University Business Services prior to abating expense when receiving Foundation funds.