OFFICE OF DEVELOPMENT AND ALUMNI RELATIONS	
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Title:	DAR Gift Acceptance Procedures
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Update:	
Developed by:	Office of Development Operations
Reviewed by:	Office of Gift Planning
Approved by:	DAR Leadership Team

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Outright Gifts

Outright gifts are current, irrevocable transfers to Emory University.

These may include Assignment of Income; Cash, Checks and Credit Cards; Securities of Publicly Traded Stocks; Securities of Privately Traded Stocks; Publicly Traded Bonds; Mutual Funds; Partnership Interests; Real Property; Tangible Personal Property; Intellectual Property; Life Insurance; Retirement Plan Distributions; and Matching Gifts.

Assignment of Income

Definition: A donor may assign to Emory income that he or she would have received from a third party as payment for services.

Example: Jane Donor serves on a corporate board. Instead of receiving payment for her service, she redirects that payment to Emory.

Acceptance and Processing Procedures:

1) If a check has already been issued in the donor's name, she or he may endorse it to Emory.
2) Alternatively, the donor may request that the income be remitted directly to Emory and any check drafted be written in Emory's name. If the check is payable directly to Emory by the third party, a letter must accompany the check identifying the payment as a charitable contribution.
3) Office of Gift Records (OGR) will deposit the gift with the bursar, scan the gift into Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

4) OGR will send a gift receipt for tax purposes to the legal donor.

Gift Acceptance Considerations:

- Who is the legal donor?
- Did the donor assigning the income to Emory actually receive income credit for his or her gift?

Campaign and Annual Counting Guidelines

Assignments of income for services rendered will be counted at the face value of the gift in all campaign reporting.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Cash, Checks, and Credit Cards

Definition: A charitable gift to Emory University that is in the form of cash, check, or currently accepted credit card.

Examples:

- John Donor wishes to make a gift to the Emory Annual Fund. He sends a check to OGR.
- Jane Donor hands a $50 bill to a development officer at an alumni event.
- Joe Donor calls OGR and makes a $100 gift via credit card.

Acceptance and Processing Procedures:

1) All gifts by cash, check or credit card should be hand-delivered or couriered to OGR or Office 209 in the Administration Building (except gifts of cash which must be hand-delivered to OGR) and accompanied by a reply form from an approved University solicitation or a Gift Transmittal Form.
2) Business reply envelopes used for University approved solicitations shall bear the address of OGR to ensure prompt processing and delivery of donor receipt, as detailed below:

   Office of Gift Records
   1762 Clifton Road
   Atlanta, GA 30322
3) OGR will deposit the gift with the bursar, scan the gift into Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)
4) OGR will send a gift receipt for tax purposes to the legal donor.

Gift Acceptance Considerations:

- Who is the legal donor?
- Is the check made payable to Emory?
- What is the date on check?

Campaign and Annual Counting Guidelines

Cash, check, and credit card gifts are counted at face value on the date Emory processes the gift. The date on which Emory processes cash, check, and credit card gifts is not necessarily the date of gift for the donor's IRS purposes. It is the responsibility of each donor to maintain accurate records of the date of gift. Donors should not rely on Emory's gift receipt for such proof.

Contacts:

- Office of Gift Records

Securities: Privately Traded Stock

Definition: Stock for which there exists no public market on a stock exchange, over-the-counter market, or otherwise.

Example: John Donor is the President of a small, privately held company. He gives fifty shares of his company's stock to Emory.

Acceptance and Processing Procedures:

All gifts of privately traded stock must be evidenced by a stock certificate.

For gifts of privately traded stock with an estimated fair market value less than $1,000, staff shall take the following steps:

1) Contact the Office of Gift Planning.

2) If the security is determined to have stipulations or restrictions regarding the sale or disposal of the stock, then the gift must be approved by the GAC.

3) Office of Gift Planning will work with OGR to establish a valuation method for the securities.

4) Office of Gift Planning will work with Office of the Controller, Emory Investment Management and other Finance offices to liquidate the stock.

5) The Office of the Controller will record the gift in PeopleSoft Compass.

6) A copy of the journal entry and any accompanying documentation from the Controller will be forwarded to OGR.

7) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

8) OGR will send a gift receipt for tax purposes to the legal donor.

For gifts of privately traded stock with an estimated fair market value of $5,000 or more, staff shall take the following steps:

1) Staff must obtain approval of the GAC before accepting the securities. The development officer seeking approval should consult the Office of Gift Planning prior to seeking Gift Acceptance Committee approval. The Office of Gift Planning will assist the development officer in preparing the materials necessary for review by the Gift Acceptance Committee including any necessary appraisals and inspections.

2) If the gift is approved, development officer shall contact the Office of Gift Planning.

Same as steps 3 through 6

Gift Acceptance Considerations:

- Can the stock be liquidated immediately?
- Are there any conditions which prohibit disposal of the stock?
- Is the gift credit the donor will receive consistent with his or her intentions?

Campaign and Annual Counting Guidelines

Gifts of privately traded stock that exceed $10,000 in fair market value are reported at the fair market value placed on them by a qualified independent appraiser and as recorded on IRS Form 8283.

Privately traded stock that is expected to be $10,000 or less will be valued at the per share cash purchase price of the most recent transaction or by another method at the discretion of Emory University.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Unit Dean or VP/AVP for Development
- Office of the Controller
- Emory Investment Management

Securities: Publicly Traded Stock

Definition: A charitable gift to Emory University in the form of stock for which a market quotation is readily available on an established securities market.

Examples:

- Jane Donor transfers to Emory 350 shares of XYZ, Inc. stock, which trades on the New York Stock Exchange.

- Joe Donor holds 500 shares of ABC Co. in certificate form. ABC Co. trades on the NYSE. He donates 350 shares to Emory and wants to retain the other 150. He submits the stock certificate and stock power form in separate envelopes along with a letter of instruction to the Emory Controller, who forwards the stock to State Street, which has the stock re-issued and then mails him his new certificate for 150 shares.

Acceptance and Processing Procedures:

Publicly traded stock for outright gifts may be transmitted to Emory in one of two ways: through physical delivery of stock certificates or through electronic transmission of stock held in a brokerage account. *If the stock is to be used for a planned gift (e.g. charitable remainder trust, charitable gift annuity, pooled income fund) then contact the Office of Gift Planning for guidance.*

For gifts of publicly traded stock via physical delivery of stock certificate, staff shall follow the steps below:

1) Development office shall ask donor if there are any restrictions or stipulations on the face of the stock certification. If so, then the gift must be approved by the Gift Acceptance Committee. Contact the Office of Gift Planning for assistance.

2) Advise the donor to draft a brief letter of instruction that includes the name of stock(s) and number of shares to be transmitted.

3) Advise the donor to sign a stock power form which she or he may obtain at her or his broker or which the development officer can obtain from the Office of the Controller.

4) Instruct donor to mail the unsigned stock certificate(s) and letter of instruction in one envelope. Instruct donor to mail the signed stock power in a separate envelope. Advise that both envelopes should be mailed to:

   Emory University
   Office of the Controller
   1599 Clifton Road, 3rd Floor
   Atlanta, Georgia 30322

5) Staff shall contact the Office of the Controller to alert them of the impending gift and provide the number of shares, the name of the company, the name and AWA entity ID of the donor, and the account into which the funds should be deposited.

6) The Controller will value the stock for gift purposes on the average of the high and low trading values for the security on the date of the gift.

7) The Office of the Controller will record the gift in Compass.

8) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

9) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

10) OGR will send a gift receipt for tax purposes to the legal donor.

The donor's legal date of gift is the postmark date of the later of the two envelopes. If the donor hand-delivers the documents, the date of gift is the date she or he relinquishes full control over both the stock certificates and the stock power in favor of Emory.

If a donor owns more shares of a stock than he or she wishes to donate to Emory, advise the donor to include his or her Social Security Number with a written note indicating how many shares should be donated and how many should be returned. Re-issuance of a new stock certificate can take as long as six weeks, and staff should advise donors accordingly.

For gifts of publicly traded stock held in a brokerage account, staff shall follow the steps below:

1) Determine whether the account into which the donor's gift will be deposited is an endowed ("0-6") or a non-endowed fund

2) Instruct the donor or the donor's broker to transfer the shares electronically to Emory;

3) Inform the donor or broker that our account is with Northern Trust Co., and provide them with the following information:

Non-endowment gifts	Endowment gifts
Account Name: Emory University	Account Name: Emory University
Account Number: 26-92598	Account Number: 26-92596
Agent Bank Number: 20290	Agent Bank Number: 20290
DTC Participant Number: 2669	DTC Participant Number: 2669

4) Contact the Office of the Controller to alert them of the impending gift and provide the number of shares, the name of the company, the name and AWA entity ID of the donor, and the account into which the funds should be deposited.

5) Emory Investment Management will issue instructions for Northern Trust, which will sell the stock.

6) The Controller will value the stock for gift purposes on the average of the high and low trading values for the security on the date of the gift. The date of the gift is the date the securities are placed in Emory's account as opposed to the date on which the donor gave instructions to the broker to transfer the securities.

7) Follow steps 7– 10 above

Gift Acceptance Considerations:

- Because re-issuance of stock involves external parties, Emory staff members should refrain from making promises or guarantees about the turnaround time for re-issuance.
- Are there any conditions which prohibit disposal of the stock?

Campaign and Annual Counting Guidelines

Publicly traded stock is counted at the average of the high and low selling price on the day the donor relinquished dominion and control in favor of Emory. If there are no trades on the date of gift, the fair market value is the average of the high and low selling price on the trading day immediately before and immediately after the date of the gift.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Office of the Controller
- Emory Investment Management

Publicly Traded Bonds

<u>Definition:</u> A bond is a debt security by which a buyer lends money to a government, corporation, agency, or other organization. In exchange, the issuer promises to repay the buyer at a specific rate of interest and repay the bond principal when it becomes due.

<u>Example:</u> Joe Donor owns five bonds, issued by the United States Government. He transfers them to Emory.

<u>Acceptance and Processing Procedures:</u>

Bonds may be held in electronic or certificate form.

1) Staff must obtain approval of the Gift Acceptance Committee before accepting the securities. Refer to gift acceptance committee guidelines (reference the table of contents for page number).

2) If the gift is approved, development officer shall contact the Office of Gift Planning.

3) The Controller will value the bonds for gift purposes on the average of the high and low price on the day the donor relinquished dominion and control in favor of Emory. Emory will use the prices from the most common market in which the bonds are traded, if available. If such prices are not available, records of a firm making a market in the bonds will be used.

   If the high and low trading prices are not available in any form, Emory will use the mean of the closing sales price on the date of the gift and the closing sales price on the date prior to the gift.

   If such closing prices are not available, Emory will use the inversely weighted average of the closing sales price on the closest date of gift and the closest date prior to the date of gift, so long as those dates are within a reasonable period.

4) The Office of the Controller will record the gift in Compass.

5) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

6) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

7) OGR will send a gift receipt for tax purposes to the legal donor.

<u>Gift Acceptance Considerations:</u>

- Can the bonds be liquidated easily?
- Are there any conditions which prohibit disposal of the bonds?

Campaign and Annual Counting Guidelines

Gifts of publicly traded bonds are counted using the average of the high and low trading price on the day the donor relinquished dominion and control in favor of Emory. Emory will use the prices from the most common market in which the bonds are traded, if available. If such prices are not available, records of a firm making a market in the bonds will be used.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Unit Dean of Development or VP for Development
- Office of the Controller

Mutual Funds

Definition: A mutual fund is an open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. There are many different types of mutual funds.

Example: Jane Donor has $40,000 in securities she wants to donate to Emory. Of that amount, more than half is held in mutual funds and the rest is held in individual company shares.

Acceptance and Processing Procedures:

Mutual funds may be held in certificate form but they are more likely held in electronic form by a brokerage firm, financial institution, or the mutual fund company itself.

Since the transfers of mutual funds vary widely from firm to firm, these steps may not apply to all instances of how all mutual funds should be gifted to Emory.

1) The development officer shall contact the Office of Gift Planning.

2) The Office of Gift Planning will work with the Controller or other appropriate Finance offices to determine whether the mutual fund shares can be transferred and how they are to be transferred.

   Note that depending on how the shares are held, the transfer can take anywhere from a week to more than three months to complete. Development staff should be mindful of this potential for delay, especially if a donor is attempting to make a year-end gift.

   The Controller will value the mutual fund shared at the public redemption value, which is the net asset value of the fund on the date of the gift. Net asset value is determined by valuing all securities in the fund at day's end, reducing that value by expenses, and dividing that figure by the number of shares outstanding. This price is published in a variety of publications and on numerous websites daily

3) The Office of the Controller will record the gift in Compass.

4) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

5) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

Db SmartKey & account for gift revenue
Cr 000003241522700 (OGR clearing account)

6) OGR will send a gift receipt for tax purposes to the legal donor.

Gift Acceptance Considerations:

- Can the mutual funds be liquidated easily?
- Are there any conditions which prohibit disposal of the mutual funds?

Campaign and Annual Counting Guidelines

Gifts of mutual fund shares are counted at the public redemption value, which is the net asset value of the fund on the date of the gift. Net asset value is determined by valuing all securities in the fund at day's end, reducing that value by expenses, and dividing that figure by the number of shares outstanding. This price is published in a variety of publications and on numerous websites daily.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Office of the Controller

Partnership Interests

Definition: A partnership is a type of relationship whereby two or more entities or individuals conduct business for mutual benefit. Partners in the partnership own an interest, and the transferability of their interests is governed by the partnership agreement. Rarely, partnerships may be traded on a public exchange.

Example: John Donor owns interest in a partnership which leases equipment to franchises. He wants to donate his entire interest in this partnership to Emory.

Acceptance and Processing Procedures:

1) Emory will not accept general partnership interests and any proposed gifts of limited partnership interests must be reviewed and scrutinized by the Gift Acceptance Committee. Development Officers should contact the Office of Gift Planning for assistance in preparing forms for the Gift Acceptance Committee.

2) If a limited gift partnership is approved, development officer and\or the Gift Acceptance Committee shall contact the Office of Gift Planning.

3) The Office of Gift Planning will work with the Office of the General Counsel and the Office of the Controller to liquidate the interest in accordance with the partnership agreement.

4) If a partnership is not actively traded on a public exchange, Emory University will value the gift at its discretion, based on the partnership agreement and estimates of what a willing buyer and willing seller would pay in a free and open market.

5) The Office of the Controller will record the gift in Compass.

6) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

7) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

8) OGR will send a gift receipt for tax purposes to the legal donor.

Gift Acceptance Considerations:

- The interest should not be a general partnership interest due to liability reasons.
- Are there any conditions which prohibit disposal of the partnership interest?
- Is there any potential income tax liability that might be triggered by acceptance of the limited partnership interest, since a charging lien and pro rata income taxation could be attributable to a limited partner?
- Are there any unrelated business income tax issues?

Campaign and Annual Counting Guidelines

Gifts of partnership interests are counted at their full fair market value. Gift with fair market values exceeding $5,000 are counted at the values placed on them by a qualified independent appraiser as required by the IRS for valuing non-cash charitable contributions.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Office of the Controller
- Office of the General Counsel
- Unit Dean of Development or VP/AVP for Development

Real Property

The acceptance process in this document is <u>only</u> intended to provide a general framework on how gifts of real property may be evaluated for acceptance. All proposed gifts of real property require the approval of the Emory University Board of Trustees. Accordingly, the Gift Acceptance Committee will coordinate with the Office of Real Estate Services on all proposed gifts of real property.

Due to the complexities of gifts of real property and the potential for liability for the University, Emory staff and volunteers should proceed with caution in discussing such gifts with prospective donors. At no time prior to full approval should a staff member or volunteer accept a gift of real property or suggest to the prospective donor that such acceptance is likely or will occur. Final approval must be granted by the Office of Real Estate Services in accordance with the University's guidelines on gifts of real estate and with the approval of the Emory University Board of Trustees.

<u>Definition:</u> Also called "real estate" or "realty," real property includes land and any buildings or other structures and any natural resources on or under that land. (Please also refer to separate policies herein governing other real estate related issues, including sections on life estates, bargain sales, oil/gas/water/mineral interests, timber, and qualified conservation contributions, as well as planned gifts funded with real property.)

<u>Examples:</u>

- Jane Donor owns 100 undeveloped acres in the mountains that she would like to give to Emory.
- John Donor would like to donate his house in Atlanta to Emory.
- Jane Donor proposes funding a charitable remainder trust with her vacation home. (Any proposed gift of real property to find a planned gift will be subject to the Gift Acceptance Policies governing both Real Property and the proposed type of planned gift vehicle, such as a bequest, life estate or charitable remainder trust.)

<u>Acceptance and Processing Procedures:</u>

1) Staff must obtain approval of the Gift Acceptance Committee before accepting the gift. Refer to gift acceptance committee guidelines (reference the table of contents for page number).

   The Gift Acceptance Committee will coordinate with the Office of the General Counsel, the Office of Real Estate Services and other relevant Finance offices, and the Real Estate Building and Grounds Committee of the Emory University Board of Trustees, as needed, and will abide by all related university guidelines and procedures.

   Real Estate transactions require the approval of the Board of Trustees. Consideration of a transaction by the Gift Acceptance Committee shall not substitute for Board approval, where such is required.

   The development officer seeking approval should consult the Office of Gift Planning prior to seeking Gift Acceptance Committee approval. The Office of Gift Planning will assist the development officer in preparing the materials necessary for review by the Gift Acceptance Committee including any necessary appraisals and inspections.

2) If the gift is approved, the Office of Gift Planning will coordinate the gift with the Office of the General Counsel, the Office of Real Estate Services and other relevant Finance units, and external parties as needed.

   Generally speaking, the IRS requires that donors seeking to make a gift of real property with a fair market value in excess of $5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, Emory cannot and will not pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift.

   If Emory chooses to conduct its own independent appraisal of the property, Emory will bear all costs of that appraisal.

   Emory University reserves the right to liquidate, upon transfer or any time thereafter, any real property obtained through charitable donation, unless otherwise specified in a legally binding agreement between Emory University and the donor(s).

   Typically, real estate is transferred by a written deed that is then delivered to the recipient or recorded in the county records where it is located. Some states allow for other methods of transfer. All gifts of real estate must be processed and recorded in accordance with governing law; failure to do so may result in an incomplete gift.

3) Shortly after the gift has been completed, the Office of the Controller will record the gift in Compass based on its appraised value.

4) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

5) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

6) OGR will send a gift receipt for tax purposes to the legal donor.

The Office of the Controller shall file IRS Form 8282 upon the sale or disposition of any real property sold within two years of receipt when the value of the gift exceeds $5,000.

<u>Gift Acceptance Considerations:</u>

- Who will pay for the Phase 1 Inspection?
- Who owns the property?
- What is the property zoned?
- Real estate market conditions for sale of property?
- Is the property subject to mortgage or debt?
- Emory University will not accept gifts of an interest in a timeshare property or program.
- Are there any unrelated business income tax issues?

Campaign and Annual Counting Guidelines

Gifts of real property are counted at the values placed on them by a qualified independent appraiser as required by the IRS for valuing non-cash charitable contributions.

Contacts:

- Office of Gift Planning
- Office of Gift Records
- Office of the Controller
- Office of the General Counsel
- Unit Dean of Development or VP for Development

Tangible Personal Property

Definition: Tangible personal property is an asset that can be touched, handled, or moved by an individual, as opposed to intangible assets. Tangible personal property includes automobiles, art, furniture, jewelry, coin or stamp collections, boats, and similar assets.

Examples:

- Joan Donor owns an automobile she wishes to donate to Emory.
- John Donor owns an 18th century painting he wishes to donate to Emory.
- Jillian and Jorge Donor own a collection of rare books they would like to donate to the Emory library system.

Acceptance and Processing Procedures:

When Emory accepts gifts of tangible personal property it also accepts the risks and responsibilities of maintaining that asset. Gifts of tangible personal property can also create risks for the donor. Therefore, any gift of tangible personal property must be approved by the Gift Acceptance Committee with the exception of donations to be used in an auction of other special event. For items donated for auction or special event, refer to the section on Auctions in these procedures.

1) Contact the Office of Gift Planning for assistance completing the Gift Acceptance Form for tangible personal property.

2) Once Gift Acceptance Committee has approved acceptance of the gift of tangible personal property, the development officer shall contact the Office of Gift Planning who will assist the officer with any required agreements governing the gift and coordinate with the relevant Finance offices and the Office of the General Counsel and the Emory University Public Art Committee as necessary.

3) The development officer should provide the donor with a Gift-In-Kind Form for completion. This form must be completed for the donor to receive legal credit in the AWA system. If the

donor refuses to complete the form, the development officer may write "N/A" as the fair market value.

The IRS requires that donors seeking to make a gift of tangible personal property with a fair market value in excess of $5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, Emory cannot and will not pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift.

If no appraisal is required, the value reported by the donor on the Gift-In-Kind Form shall be recorded by the Controller in FAS. A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR. In the event that the donor fails to complete the Gift-In-Kind Form, the amount of $1.00 shall be recorded.

If Emory chooses to conduct its own independent appraisal of the property, Emory will bear all costs of that appraisal.

Emory University reserves the right to liquidate, upon transfer or any time thereafter, any tangible personal property obtained through charitable donation, unless otherwise specified in a legally binding agreement between Emory University and the donor(s).

Tangible personal property is transferred by a conveyance of title to the property or by a deed of transfer where such documents govern the sale or disposition of said property, such as planes, automobiles, and motorcycles. When such a document is required, the gift is complete when title is transferred.

Where transfer of title is not required, the gift is complete when the property is delivered to Emory.

4) Where no title transfer is required to transfer the asset to Emory, a "deed of gift" must be prepared to establish the date of transfer and ownership. The Office of Gift Planning will coordinate the drafting of this document with the Office of the General Counsel and the donor or her or his advisers. This document must be executed by both the donor and the Executive Vice President for Finance or his or her designee.

5) The Office of the Controller will record the gift in Compass based on its appraised value.

6) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

7) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

8) OGR will send a gift receipt for tax purposes to the legal donor.

The Office of the Controller shall file IRS Form 8282 upon the sale or disposition of any real property sold within three years of receipt when the value of the gift exceeds $5,000.

Gift Acceptance Considerations:

- Does transfer of the gift require a title transfer?
- Does this gift have a related use to the mission of Emory?
- Does the gift appraise in excess of $5,000?
- Does the gift require additional expenditures to maintain the asset after receipt?

Campaign and Annual Counting Guidelines

Gifts of real and personal property which qualify for a charitable deduction are counted at their full fair market value.

Gifts of software and hardware that qualify as a charitable donation under the laws of the appropriate tax authority and that have an established retail value are counted at the educational discount value if such exists or the fair market value.

Computer maintenance agreements are not counted since they are contributed services and not goods.

Contacts:

- Office of Gift Records
- Office of Gift Planning
- Office of the Controller
- Office of the General Counsel

Intellectual Property

Definition: Intellectual property refers to the creations of the human mind, such as inventions and literary or artistic works, and to symbols, names, images, and designs used in commerce.

Examples:

- John Donor, a professor, gives to Emory the copyright to his popular book.

- Jane Donor, a scientist, donates to Emory her patented process for making a vaccine.

- Joan Donor, a cartoonist, gives to Emory all trademark and licensing rights associated with one of her popular characters.

Acceptance and Processing Procedures:

Because the management of intellectual property rights can be complicated, all gifts of intellectual property, including book or music royalties, must be approved by the Gift Acceptance Committee and the Office of the General Counsel prior to acceptance.

1) Contact the Office of Gift Planning for assistance completing the Gift Acceptance Form for intellectual property.

2) Once Gift Acceptance Committee has approved acceptance of the gift of intellectual property, the development officer shall contact the Office of Gift Planning who will assist the officer with any required agreements governing the gift and coordinate with the relevant Finance offices and the Office of the General Counsel as necessary.

   The IRS requires that donors seeking to make a gift of intellectual property with a fair market value in excess of $5,000 obtain a qualified appraisal. The donor must obtain this appraisal. To avoid any conflict of interest, Emory cannot and will not pay for nor reimburse a donor for his or her appraisal costs. The qualified appraisal must be completed no earlier than sixty days prior to the date of gift.

   If Emory chooses to conduct its own independent appraisal of the property, Emory will bear all costs of that appraisal.

   Emory University reserves the right to liquidate, upon transfer or any time thereafter, any intellectual property obtained through charitable donation, unless otherwise specified in a legally binding agreement between Emory University and the donor(s). Any such restrictions may impact its marketability and therefore the value of the gift.

3) The Office of the Controller will record the gift in Compass based on its appraised value.

4) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

5) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

6) OGR will send a gift receipt for tax purposes to the legal donor.

<u>Gift Acceptance Considerations:</u>

- Is there potential for unrelated business taxable income, the carrying costs, and the potential for revenue from the gift?
- Are there any legal, ethical, and public relations issues which might arise from acceptance of such a gift?
- Will receiving and enjoying the value or benefit of the intellectual property subject Emory to any risk of a legal claim? It may be necessary to obtain paperwork and assurances from the donor verifying his or her rights and the absence of any infringement issues.
- Some intellectual property rights cannot be transferred or can be transferred only under certain conditions.

<u>Campaign and Annual Counting Guidelines</u>

Gifts of intellectual property which qualify for a charitable deduction are counted at their full fair market value.

Contacts:

- Office of Gift Records
- Office of Gift Planning
- Office of the Controller
- Office of the General Counsel

Life Insurance

Definition: A policy that will pay a specified sum to beneficiaries upon the death of the insured. Donors may make an outright gift of a policy to Emory by irrevocably transferring all incidents of ownership in a policy to Emory.

There are multiple types of life insurance policies, including:

- Term Life: Form of pure life insurance having no cash surrender or loan value and generally furnishing insurance protection for only a specified or limited period of time.

- Whole Life: A life insurance policy in which the insured pays a level premium for his or her entire life and in which there is a constantly accumulating cash value against which the insured can withdraw or borrow.

- Universal Life: Insurance over a specified period of time, which builds cash value for policyholders over time. This type of policy emphasizes the separation of the portion of the premium that is used to cover the insurance protection from the portion of the premium allocated to an investment that is used to build the policy's cash value.

- Variable Life: A distinct type of whole life insurance in which some amount of the death benefit is guaranteed by the insurer, but the total death benefit and the cash value of the insurance before death depend on the investment performance of that portion of the premium which is allocated to a separate fund.

- Group Life Insurance: Type of life insurance commonly offered by companies to their employees in which there is a master insurance contract providing life insurance benefits to each covered employee.

Many policies are hybrids of one or more of the above types.

All donors who make a gift of life insurance to benefit Emory are eligible for 1836 Society membership.

Examples:

- John Donor, age 60, bought a whole life policy on his life when his children were very young. Now that his children are grown and the policy is fully paid up, he donates it to Emory which surrenders it and receives cash.

- Jane Donor owns a universal life policy on her life that currently has a cash surrender value of $57,000. She transfers it to Emory which cashes it out and uses the funds for a purpose Donor has specified.

<u>Acceptance Procedures:</u>

<u>Terms and conditions:</u>
A donor must transfer all ownership rights in a life insurance policy to receive a charitable deduction. If he or she only specifies Emory as the beneficiary of a policy, but retains ownership, the donor has made a revocable deferred gift, which will be addressed later in these policies.

Development officers should proceed with caution when a donor proposes a gift of life insurance. Often referred to as the "low-rent planned gift," some donors view a life insurance proposal as a way to make a "major gift" with minimal commitment.

Emory may accept the policy:

If the donor wants to irrevocably transfer ownership of whole, variable or universal life insurance policies to Emory with the understanding that Emory will cash in the policy as soon as practicable, at the discretion of Emory.

If the donor wants to irrevocably transfer ownership of whole, variable or universal life insurance policies to Emory and continue making premium payments directly to the insurance company (not to or through Emory). If the donor desires to obtain a gift receipt from Emory for premium payments made directly to the insurance company, the donor must provide proof of such payments to Emory to document these gifts for the benefit of Emory. To facilitate the receipt process for the donor, Emory will provide the donor an annual reminder with instructions for documenting premium payments made on behalf of Emory by the donor.

Emory will not:

Accept ownership of any life insurance policy where ongoing premium payments are required to be made by or through Emory.

Accept ownership of term policies as they have no current cash value and seldom remain in force until the death of the insured.

Accept group life insurance as it is owned by the employer. *Donors may opt to name Emory as beneficiary of either a term or group life policy, but that would qualify as a revocable deferred gift as opposed to a current outright gift.*

Participate in any pooled insurance program including Investor-Owned Life Insurance or Stranger-Owned Life Insurance programs.

Endorse any particular insurance product, company, program, agent, agency, or company, nor will it provide donor lists to any of them.

Previously accepted policies with ongoing premium payments:

In the past Emory accepted a few life insurance policies which required ongoing premium payments made by the donor/insured through Emory and the Office of Finance and Administration. If the donor/insured in such cases fails to make a gift of a premium payment to Emory in advance of the premium due date, Emory, as owner, reserves the right to cash the policy or to arrange for the payment of the outstanding premium from internal funds, in close consultation with the school or unit benefiting from the policy and all relationship managers for the donors involved.

<u>Processing Steps:</u>

1) When a gift of life insurance that meets the above criteria is proposed, the development officer should notify the Office of Gift Planning, which will assess the policy, consulting with external and internal experts as necessary. The Office of Gift Planning will obtain all relevant data on the insured, secure an in-force illustration on the policy, and then submit the proposal to the Executive Vice President, Finance or his or her designee for his or her approval.

2) If approved, the Office of Gift Planning will coordinate the transfer of ownership with the donor and insurance company and set up necessary records and systems with the Office of the Controller and Office of Gift Records.

3) The Office of the Controller will record the gift in Compass based on its appraised value.

4) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

5) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

6) OGR will send a gift receipt for tax purposes to the legal donor.

7) A life insurance policy with cash value is a current asset of the donor, which upon transfer, becomes an asset of Emory. As with all of Emory's assets, life insurance policies are periodically reviewed and monitored in light of the asset's performance and the goals of both the donor and the unit for which the policy is designated.

<u>Campaign and Annual Counting Guidelines</u>

Irrevocable gifts of life insurance policies are counted at their Interpolated Terminal Reserve Value if, and only if, Emory has been named both owner and beneficiary of the policy. The Interpolated Terminal Reserve Value must be obtained from the issuing insurance company or a qualified insurance appraiser.

If a donor names Emory as beneficiary of a policy but does not irrevocably transfer ownership of the policy, the donor has not made a current gift. For such designations, please see the section entitled "Life Insurance Beneficiary Designations".

Acceptable gifts of life insurance will be counted depending on their status. See below for details.

Paid Up Life Insurance Policies
Paid up life insurance policies irrevocably given to Emory where no future premiums are payable will be counted at their Interpolated Terminal Reserve Value on the date of the gift. Such policies will be counted at face value as well as present value for internal purposes.

Existing Policies – Not Fully Paid Up
A life insurance policy that is not fully paid up on the date it is irrevocably given to Emory will be counted at the Interpolated Terminal Reserve Value on the date of the gift, if given during the campaign. Additionally, where the payment of premiums is pledged over a five-year period, the value of such premiums will be counted in campaign totals as a pledge.

Realized Death Benefits
When Emory is owner and beneficiary or simply the beneficiary of a policy and the death benefit is realized during the campaign period, the insurance company's settlement amount will be counted in campaign totals, less any amounts previously counted.

Gift Acceptance Considerations:

- Is the policy paid up?
- Does the donor intend to continue making premium payments directly to the insurance company?

Contacts:

- Office of Gift Records
- Office of Gift Planning
- Office of the Controller
- Office of the General Counsel

Retirement Plan Distributions

Definition: Distributions are the payments made from a retirement plan to the account owner. Or, in the case of the account owner's death, the beneficiary.

Special Note: An outright gift of a retirement plan distribution during life is not a tax efficient option under current law. A beneficiary may transfer funds from a retirement plan by following the steps outlined below.

Acceptance and Processing Procedures:

1) Take a distribution from the plan

2) Pay income tax on that distribution

3) Make the gift to Emory

4) Take a charitable deduction for the outright gift (The charitable deduction may not be available to all donors.)

5) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

6) OGR will send a gift receipt for tax purposes to the legal donor.

<u>Gift Acceptance Considerations:</u>

- Legislation has been proposed which could dramatically affect Emory donors' ability to donate outright from some retirement plans. If that legislation becomes law, Emory development staff will be notified and these policies will be amended.

<u>Campaign and Annual Counting Guidelines</u>

Retirement plan distribution gifts are treated as outright gifts and counted at the face value of the gift.

<u>Contacts:</u>

- Office of Gift Records
- Office of Gift Planning

Matching Gifts

<u>Definition:</u> A gift to Emory University made by businesses or foundations that match the voluntary contributions of employees or other eligible participants.

Matching gifts cannot be used to fulfill pledges. Matching gifts should not be considered as part of a pledge agreement between Emory University and a donor.

<u>Examples:</u>

- Jim Donor works for XYZ, Inc. XYZ, Inc. matches employee contributions to qualified charities on a 2:1 basis. Jim gives a $50 gift to Emory and submits a matching claim form. XYZ, Inc. processes the claim and gives Emory $100.

- Jill Donor signs a legally enforceable pledge agreement to pay Emory $3,000 for five years. In year one, she submits a check to Emory for $2000 and includes a matching form from her husband's company, ABC Co. Emory processes the match and receives $1000 from ABC Co. However, that amount is not credited against Jill's pledge.

Acceptance and Processing Procedures for the Claim:

Making the match claim:

1) In most cases, a donor wishing to maximize his or her contribution to Emory with a match from his or her employer may obtain a matching gift claim form from the corporate employment or benefit office.

2) The donor should complete the portion of the form with the corporation's employee information, and then submit the form with her or his gift to Emory.

3) OGR will complete the matching gift claim form and submit it to the company or foundation according to the instructions on the claim form.

4) OGR will scan the gift and match claim in Optix for archiving, and record the gift and match claim in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

5) OGR will send a gift receipt for tax purposes to the legal donor.
   All matching gifts are credited to the same fund as the donor's gift unless prohibited by the company's matching gift policy.

Processing the match:

6) Once the matching gift is received from the business or foundation, OGR will record the matching gift amount in the AWA, and receipt the business or the foundation.

7) OGR will extend recognition credit in the form of matching gift credit to the donor who arranged for the match. Any donor recognition reports will include matching gift amounts as part of the donor's total recognition credit.

8) OGR will notify the original donor that their matching gift claim has been fulfilled by their employer.

Gift Acceptance Considerations:

- Is the match being claimed for a gift from a donor advised fund? If so the matching gift company should be notified of the source of the gift to ensure Emory's matching eligibility.

Campaign and Annual Counting Guidelines

Matching gifts received from companies and foundations are counted at the face value of the gift.

Potential matching gifts, or claims, are not counted and should never be considered as a way to fulfill an individual's pledge to Emory.

Contacts:

- Office of Gift Records
- Office of Annual Giving

Partial Interest Gifts

Definition: A partial interest gift is a gift of less than an entire interest in property.

These gifts may include Gifts Subject to Life Estate or a Remainder Interest in a Home or Farm; Transfer of an Undivided Interest; Bargain Sales / Deep Discounts; Oil, Gas, Water, and Mineral Interests; Timber; and Qualified Conservation Contributions.

Gift Subject to Life Estate or a Remainder Interest in a Home or Farm

Definition: When a donor makes an irrevocable gift by deeding a personal residence or a farm to Emory, but retains the right to use and enjoy the property for a specified term, he or she has made a life estate gift, also known as a "gift subject to a retained life estate." Emory's interest in the property is known as a "remainder" interest.

The donor may qualify for a current charitable income tax deduction and is allowed to occupy the property, lease or rent it and retain the income, or give the life estate to another entity until the end of the specified term.

To qualify for a charitable deduction, the property involved must be a personal residence or farm. A personal residence is any home used by the donor as a residence, as opposed to investment property. This may include primary residences as well as vacation homes. A donor should use the home at least fourteen days per year or ten percent of the days that the home is rented. A personal residence may include stock in a cooperative housing corporation, as long as the ownership of that stock includes the right to occupy the housing and the property qualifies as the donor's personal residence. A farm is defined as land and the improvements thereon used by the donor and or the donor's tenant to produce crops, fruits, or other agricultural products.

A life estate holder retains certain economic responsibilities for the property during the duration of the life estate, such as ongoing maintenance and upkeep, real estate taxes, insurance, etc.

The holder of the life estate may choose to donate the retained life estate to Emory or join with Emory to sell the property and divide the proceeds according to the respective ownership interests, all before the expiration of the specified term.

When the life estate ends, Emory becomes the sole owner of the property and can then use the property or sell it and retain the proceeds from the sale for the purpose designated by the donor.

All donors who make a life estate or a remainder interest in a home or farm gift are eligible for membership in the 1836 society.

Examples:

- Joan Donor is an elderly widow with a home adjacent to the Emory campus. She does not want to sell her home, nor does she want to leave it until her death. She gives Emory the property subject to a life estate for the term of her life. She continues to live in her home and pays for all maintenance and upkeep. At her death, Emory takes possession of the property. Emory tears down the house and constructs a new dormitory on the property.

- John Donor and his wife Jane Donor own a vacation home in Florida where they reside for three months each summer. They plan to move into a retirement village in ten years. They donate their vacation home to Emory subject to a life estate for the specific term of ten years. They continue to enjoy the use of their home and at the end of the ten year term, Emory takes possession of it. Emory sells the home and the proceeds from the sale are used according to the Donors' wishes.

<u>Acceptance and Processing Procedures:</u>

Gifts of real property can subject both Emory and the donor to tremendous risk. Accordingly, all gifts of real property subject to a retained life estate, regardless of fair market value, require the prior approval of the Gift Acceptance Committee which will evaluate the gift for issues related to carrying costs, marketability, and liability. Additionally, all gifts of real property require the prior approval of the Office of the General Counsel.

1) The development officer seeking approval should consult the Office of Gift Planning prior to seeking Gift Acceptance Committee approval. The Office of Gift Planning will assist the development officer in preparing the materials necessary for review by the Gift Acceptance Committee including any necessary appraisals and inspections.

2) If the gift is accepted the Office of Gift Planning will coordinate with development officer to generate a Life Estate Agreement. Since the donor or his or her designee will continue to occupy property in which Emory holds an interest, a Life Estate Agreement must be executed, clearly delineating the life estate holder's responsibilities for maintenance and upkeep.

   A development officer may learn about a gift subject to a retained life estate which Emory never solicited and of which Emory had no prior knowledge. In these circumstances, Emory will have had no opportunity to review the gift in accordance with these policies. Under these circumstances, the development officer should consult the Office of Gift Planning which will coordinate with other offices to develop a Life Estate Agreement, where appropriate.

   To ensure preservation of Emory's assets and maximum protection from environmental liability, Emory should remain in touch with the holder of the life estate during the specified term and regularly monitor the property.

3) To shield Emory from claims of undue influence or conflict of interest, all deeds of title for gifts of real property subject to life estates shall be prepared by the donor's attorney or title company, not Emory. These deeds must then be reviewed by Emory's Office of the General Counsel prior to execution and acceptance.

4) If sufficient documentation is obtained, OGP will record the life estate gift in the AWA in conjunction with OGR. A gift of personal residential property subject to a retained life estate is complete on the date the donor transfers the property according to the laws of the state in which the property is located.

5) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

6) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

Db SmartKey & account for gift revenue
Cr 000003241522700 (OGR clearing account)

7) OGR will send a gift receipt for tax purposes to the legal donor.

<u>Gift Acceptance Considerations:</u>

- Will the property require any outlay of funds from Emory to provide upkeep of the property?
- Can the property be easily liquidated or converted for use by Emory?

<u>Campaign and Annual Counting Guidelines</u>

When a donor makes an irrevocable gift of personal residential property subject to a retained life estate, he or she has granted Emory a remainder interest in that property. For public reporting purposes, such gifts are counted at the fair market value of Emory's remainder interest in the property and at their discounted present value for CASE and CAE.

<u>Contacts:</u>

- Office of Gift Records
- Office of Gift Planning
- Office of the General Counsel
- Division of Finance

Transfer of an Undivided Interest in an Asset

<u>Definition:</u> A gift of an undivided interest in an asset will only qualify as a charitable gift if the donor transfers an equal part of each and every substantial interest or right he or she has in the contributed property. Thus, the transfer of an undivided interest in an asset is not a gift if only some, but not all, rights are transferred.

Transfers of undivided interest in assets are likely to arise with donations of tangible personal property, notably artwork and other collections.

<u>Examples:</u>

- Jane Donor owns an eighteen percent interest in an office tower. She transferred one-third of her interest to Emory, one-third to another charity, and retained one-third. Emory now owns six percent of the office tower, as do the other charity and Ms. Donor. If, however, Ms. Donor transferred to Emory the right to receive income from the office tower, but retained all other rights, her transfer would not qualify as a charitable gift eligible for a tax deduction.

- Joshua Donor owns a rare manuscript. He grants Emory an undivided interest in all of his rights to the manuscript for nine out of every twelve months of the year, during which time Emory may use or display the manuscript. Joshua and Emory share costs related to the manuscript, with Joshua paying one-quarter and Emory paying three-quarters, in proportion to their interests.

Acceptance and Processing Procedures for the Claim:

Because transfers of undivided interests in assets can be extremely complex gifts, they require the prior approval of the Gift Acceptance Committee.

1) Development officers should contact the Office of Gift Planning to assist in preparation of the Gift Acceptance Form. The Office of Gift Planning will help gather the necessary information and consult with internal and external consultants as necessary.

2) Transfers of undivided interests in assets also require the prior approval of the Office of the General Counsel.

3) Otherwise, development officers should follow the procedures governing outright gifts of tangible personal property, or other asset at issue, as previously outlined in this document. Where no title transfer is required to transfer the asset to Emory, a "deed of gift" must be prepared to establish the date of transfer and ownership. The Office of Gift Planning will coordinate the drafting of this document with the Office of the General Counsel and the donor or her or his advisers. This document must be executed by both the donor and the Executive Vice President for Finance or his or her designee.

4) The Office of the Controller will record the gift in Compass based on its appraised value.

5) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

6) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

7) OGR will send a gift receipt for tax purposes to the legal donor.

   The Office of the Controller shall file IRS Form 8282 upon the sale or disposition of any real property sold within three years of receipt when the value of the gift exceeds $5,000.

Gift Acceptance Considerations:

- Is the property subject to any liens?
- Are there any costs associated with accepting the gift?
- Are there any unrelated business income tax issues?

Campaign and Annual Counting Guidelines

For public reporting purposes, such gifts are counted at the fair market value of Emory's interest in the property.

Contacts:

- Office of Gift Records
- Office of Gift Planning
- Office of the General Counsel
- Division of Finance

Bargain Sales / Deep Discounts

Definition: A bargain sale is a simple agreement in which a donor sells securities, real estate, tangible personal property, or other assets to Emory for less than their current fair market value. The difference between the fair market value of the property and the sales price is the gift portion, for which the donor may qualify for a charitable income tax deduction. If the property is an appreciated asset, the donor will incur capital gains tax only on the portion of the gain attributable to the sale. The transaction is thus treated as part sale and part outright gift to Emory.

Examples:

- Jessica Donor owns three hundred acres in South Georgia. According to a qualified appraisal, the fair market value of her property is $2.5 million. She transfers ownership of the property to Emory and Emory pays her $1 million. She has made a gift worth $1.5 million.

- Jerry Donor owns a rare Egyptian artifact with a fair market value, established by a qualified appraisal, of $5 million. He transfers ownership to Emory which pays Jerry $3 million. He has made a gift worth $2 million.

- Julia Donor owns three acres of undeveloped land worth $750,000, according to a qualified appraisal. The land is adjacent to the Briarcliff campus. Emory would like to own the land. Julia would like to sell, and as an alumna she would also like to establish an endowed scholarship fund. Julia sells her three acres to Emory for $500,000. She has made a gift of $250,000 which is used to establish the "Julia Donor Endowed Scholarship."

Acceptance and Processing Procedures for the Claim:

Finding funds to purchase valuable assets at a discount may be difficult for Emory unless Emory would be interested in the purchase as part of its normal course of business. Securing the necessary Emory resources is a critical component of any proposed bargain sale transaction. Accordingly, bargain sales are complex gifts which require the prior approval of the Gift Acceptance Committee.

1) When a bargain sale has been proposed, the development officer shall notify the Office of Gift Planning to assist with the negotiations, coordinate with all the necessary parties, and prepare the Gift Acceptance Form and other documents.

2) Development officers shall also follow the policies and procedures outlined in these gift acceptance policies and procedures governing an outright gift of the asset to be transferred.

3) Any donor involved in a bargain sale transaction will sign a letter of understanding outlining the terms and conditions of the gift, possible tax consequences, and cautions regarding a

subsequent sale of the property by Emory. This letter shall also clearly document the donor's desire to make a gift.

4) The Office of Gift Planning will advise the donor to comply with all applicable IRS reporting requirements for non-cash gifts, including submission of Form 8283. The authorized representative of the Emory Division of Finance shall execute the donee acknowledgment section return it so that it may be filed with the donor's federal income tax return. Emory's signature on this form is in no way an endorsement of the donor's stated appraised value of the donated property.

5) The Office of the Controller will record the gift in Compass based on its appraised value.

6) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

7) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:
   Db SmartKey & account for gift revenue
   Cr 0-10995-2810 (OGR clearing account)

8) OGR will send a gift receipt for tax purposes to the legal donor.

Emory will not delay a subsequent sale of the gift property simply to avoid the IRS reporting requirement, Form 8282, for gift assets sold within three years of the date of the gift.

<u>Gift Acceptance Considerations:</u>

- What is the fair market value of the property, based on a qualified appraisal?
- Is the proposed debt ratio less than fifty percent of the appraised fair market value?
- Can and will Emory use the property?
- If not, is there a market for the property?
- Can the property be sold within twelve months of receipt?
- What are the costs to Emory of carrying this property?
- Beyond property taxes, what are the costs to safeguard, insure, and expense the property during the holding period?
- Are there unrelated business income tax issues?

<u>Campaign and Annual Counting Guidelines</u>

The difference between Emory's purchase price and fair market value is the gift portion of the transaction and will be recorded at face value for both public reporting purposes and CASE.

<u>Contacts:</u>

- Office of Gift Records
- Office of Gift Planning
- Office of the General Counsel
- Division of Finance

Oil, Gas, Water, and Mineral Interests

Definition: There exist three different forms of oil, gas, water, and mineral interests. They are:

- Working Interests – owners participate in the mining and production of the resource; owners share costs and profits.

- Overriding royalty interest – interest in the gross production of the resource without the reduction for production costs. These interests are carved from working interests and run concurrently with them.

- Net Profits Interest – Also carved from and concurrent with the working interest, this is a percentage of the net profits less a proportionate percentage of the net costs.

These interests are property interests and not assignments of income.

If a donor transfers a working interest, but carves out and retains or gives to another either an overriding royalty interest or a net profits interest, she or he has divided the interest, and has not transferred an undivided partial interest. Such a transfer is not considered a charitable gift.

However, if a donor transfers to Emory any of the three interests above, such a transfer is a charitable gift if and only if:

she or he has not carved it out of a larger interest she or he owns; and,
she or he has not carved from it a lesser interest.

Examples:

- Julie Donor owns a working interest in an oil well in Oklahoma. She transfers her entire interest to Emory.

- Jeff Donor owns ten percent of a working interest in a quarry. He transfers half of his working interest to Emory and retains the other half. Emory now owns an undivided five percent of the working interest in the quarry.

Acceptance and Processing Procedures for the Claim:

Because of the inherent complexities in gifts of oil, gas, water and mineral interests and because the likelihood that Emory's acceptance of the gifts would generate Unrelated Business Taxable Income (UBTI), Emory reserves the right to consider proposals for this type of gift on a case-by-case basis. Any proposed gifts of oil, gas, water and mineral interest is to be reviewed by the Gift Acceptance Committee and Office of the General Counsel. If approved, the Office of Gift Planning will work under the close supervision of the Office of the General Counsel to facilitate the gift.

Gift Acceptance Considerations:

- What are the inherent costs or risks associated with accepting this gift?
- Are there unrelated business income tax issues?

Campaign and Annual Counting Guidelines

For public reporting purposes, such gifts are counted at the fair market value of Emory's interest in the gift and to CASE and CAE.

Contacts:
- Office of Gift Records
- Office of Gift Planning
- Division of Finance
- Office of the General Counsel

Timber

Definition: A partial interest gift of timber may be made in one of two ways:

- donor transfers a percentage of his or her ownership of the timber and the land upon which it stands; or,
- donor transfers ownership in the standing timber only.

Acceptance Procedures:

Because of the inherent complexities in gifts of timber, and because of the possibility that this gift would generate Unrelated Business Taxable Income, Emory reserves the right to consider proposals for this type of gift on a case-by-case basis. Any proposed gift of timber shall be reviewed by the Gift Acceptance Committee and Office of the General Counsel. If approved, the Office of Gift Planning will work under the close supervision of the Office of the General Counsel to facilitate the gift.

Gift Acceptance Considerations:

- What are the inherent costs or risks associated with accepting this gift?
- Are there unrelated business income tax issues?

Campaign and Annual Counting Guidelines

For public reporting purposes, such gifts are counted at the fair market value of Emory's interest in the gift and to CASE and CAE.

Contacts:
- Office of Gift Records
- Office of Gift Planning
- Office of the General Counsel
- Division of Finance

Qualified Conservation Contributions

Definition: A qualified conservation contribution must be a perpetual, irrevocable grant exclusively for conservation purposes of a real property interest to a qualified charity, such as Emory.

Acceptance and Processing Procedures for the Claim

Because the conservation purposes specified in IRC §170 to qualify a conservation contribution bear only a tangential relationship to Emory's charitable mission, Emory will not, as a matter of course, accept qualified conservation contributions.

However, Emory does reserve the right to consider proposals for this type of gift on a case-by-case basis. Any proposed qualified conservation contribution shall be reviewed by the Gift Acceptance Committee and Office of the General Counsel. If approved, the Office of Gift Planning will work under the close supervision of the Office of the General Counsel to facilitate the gift.

Gift Acceptance Considerations:

- What are the inherent costs associated with accepting this gift?

Campaign and Annual Counting Guidelines

For public reporting purposes, such gifts are counted at the fair market value of Emory's interest in the gift and to CASE and CAE.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Split-Interest Gifts

Definition: A split interest gift divides the income and principal benefits between charitable and non-charitable beneficiaries.

All donors who make split-interest gifts to benefit Emory are eligible for 1836 Society membership.

Corporate matching gifts may not be used to fund split-interest gifts.

Split-interest gifts may include Charitable Remainder Trusts; Charitable Gift Annuities; Pooled Income Funds; and Charitable Lead Trusts.

Charitable Remainder Trusts

Definition: A CRT is an irrevocable trust authorized and governed by federal tax law that benefits the donor or other individuals named by the donor (known as "income beneficiaries") for a term of years or lives. Upon the termination of the trust, the remaining assets pass to one or more qualified charities (known as "remainder beneficiaries.") The donor specifies a payout percentage which the income beneficiaries receive annually. By federal law the minimum payout is 5% and the maximum is 50%. Furthermore, in order to qualify as a charitable remainder trust, the charitable remainder value must be at least 10% of the gift value.

The donor names a Trustee who manages the assets and ensures that both the specified annual payout and the remainder are distributed as per the terms of the trust and in accordance with federal and state law. The Trustee has a fiduciary duty vis a vis the trust and its beneficiaries. Fiduciary duty is the highest standard of duty imposed by law.

CRTs are tax-exempt trusts. The assets within them may be bought and sold without regard to capital gains taxes. However, CRT payouts to individual beneficiaries are subject to income taxation.

To establish a CRT, a donor should consult an attorney to draft the trust document. He or she must name a Trustee in the trust document. Once the trust is fully and legally executed, the donor may then transfer assets into the trust. Often, the initial assets are liquidated and reinvested.

There are two types of standard CRTs:

- Charitable Remainder Unitrust (CRUT) - A CRUT distributes a fixed percentage of the fair market value of the trust assets, calculated annually. A donor may additional contributions to a CRUT after it is established.

- Charitable Remainder Annuity Trust (CRAT) - A CRAT distributes a fixed dollar amount based on the original fair market value of the assets contributed to the trust. No additional contributions are allowed.

In addition to the standard CRUT and CRAT, there are three variations of CRUTs:

- Net Income Charitable Remainder Unitrust (NICRUT) - A NICRUT pays income beneficiaries the lesser of a specified percentage payout or the actual net income of the trust.

As with a standard CRT, the payout must be at least 5%. NICRUTS are an attractive option when the trust is funded with an asset that must be sold before it generates income, such as real property.

- Net Income with Makeup Charitable Remainder Unitrust (NIMCRUT) - A NIMCRUT operates much like the NICRUT, but can make up any income payment deficits from excess ordinary income earned in subsequent years. A deficit may occur when actual net income is less than the fixed percentage payout rate. NIMCRUTs are also useful for trusts funded with real property.

- Flip Unitrust, or CRUT with a "flip provision" - A CRUT which "flips" begins as a NICRUT then converts to a standard unitrust (CRUT) upon the occurrence of a specific event or date. Flip provisions are often attractive when the funding asset is an illiquid or difficult-to-sell asset and the trust flips after the sale.

Examples:

- Jack Donor hires an attorney to plan his estate. Together, they decide a CRUT would be a good option. The attorney drafts the trust document and Jack and his wife execute it and name Acme Bank as Trustee and names Emory as one of three remainder beneficiaries. Acme Bank sets up a new account for the trust assets. Jack transfers approximately $500,000 in XYZ, Inc. stock to the CRUT. He specified a 5% payout rate and named himself and his wife as income beneficiaries. They will receive a payout of roughly $25,000 in the first year of the trust. Their payout fluctuates over the years as the assets in the trust grow and decline. When both Jack and his wife die, the assets that remain in the CRUT will be split between Emory and two other charities.

- Jim Donor is a single man who wants to establish a CRT and asks Emory to serve as Trustee. Jim funds the trust with $1.5 million and opts for a 5.5% payout rate. Jim's attorney recommends a CRAT. Jim is the lone lifetime beneficiary and the trust will terminate when he dies. He receives $225,000 each year until his death. His payout amount does not change, regardless of the performance of the trust assets. When Jim dies, Emory will receive all of the assets remaining in the trust, as Jim irrevocably named Emory as sole remainder beneficiary.

Acceptance and Processing Procedures for the Claim:

If a CRT is already in existence:

1) A development officer may, in the course of cultivation, uncover information about a CRT that her or his donor has already created for the benefit of Emory. In such circumstances, the development officer should thank the donor, tell him or her about Emory's 1836 Society, and asks for documentation of the trust as appropriate for continued cultivation. Ideally, Emory would like a copy of the entire trust document. Alternatively, we would ask for a copy of the provision naming Emory as beneficiary or a letter from the donor or the donor's attorney stating that his or her client has included Emory in a CRT. Such documentation enables proper stewardship of the donor and his or her gift.

2) Upon learning of a pre-existing CRT, Emory staff should contact the Office of Gift Planning with all relevant details. The Office of Gift Planning will enter the gift into AWA and notify OGR if Emory's beneficiary status is irrevocable.

3) The Office of the Controller will record the gift in Compass based on its appraised value.

4) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

A CRT is an irrevocable trust, which means that once the donor establishes it and transfers assets to it, she or he cannot undo it nor can the terms be amended without going to court. However, Emory's status as remainder beneficiary is not necessarily irrevocable. A donor may reserve the right to change its remainder beneficiary. Whether Emory is a revocable or an irrevocable remainder beneficiary is a very important fact to know. It impacts how the CRT is recorded and reported.

- If the beneficiary status is irrevocable, OGR will record the gift as charitable remainder trust.
- If the beneficiary status is revocable, OGR will record the gift as an expectancy.

If a CRT is proposed as a gift option:

1) During the course of major gift conversations, a donor, his or her advisor, or an Emory development officer may propose a CRT. Once a CRT has been proposed, the development employee shall introduce a Gift Planning Officer into the conversation, if the Office of Gift Planning is not already involved. Emory's discussion with the donor and/or his or her advisor regarding appropriate funding assets and payout rates for Emory trusts (as currently trusteed by State Street Bank) is to be initiated and guided by the Office of Gift Planning, in partnership with the Emory development officer.

   If a donor chooses an external Trustee, Emory will not have any leverage to negotiate the payout rate, Emory's remainder percentage, or the ages and number of income beneficiaries. The only requirements will be those imposed by law; notably, the payout rate must be at least 5% and the trust must pass a federal test for likelihood of exhaustion before termination.

   While Emory has traditionally served as Trusteed of CRTs, new trusts established through Emory will be trusteed by State Street Bank. Such new trusts shall meet the following requirements:

   - Emory must be the irrevocable remainder beneficiary of at least 50% of the CRT.
   - The fair market value of the funding assets must be at least $100,000.
   - The payout rate of the CRT must be between 5% and 7%.
   - All life income beneficiaries must be at least 55 years of age.
   - Pursuant to gift acceptance process, a CRT shall require approval of the Vice President of Finance.

   Any CRT directed by Emory to State Street Bank will require prior approval of the Gift Acceptance Committee. In addition to the above requirements, the Gift Acceptance Committee will review the proposal with the issues below in mind.

   - Is the proposed payout rate acceptable to Emory?
   - Can the proposed funding assets be readily liquidated?

- If there is another proposed remainder beneficiary, are there any conflicts or other reasons not to accept the fiduciary responsibility for a trust which benefits them?
- Are there any other extenuating circumstances which make acceptance risky for Emory?

2) After the Gift Acceptance Committee has approved the CRT to be trusteed by State Street Bank, the Office of Gift Planning will work with State Street Bank and the Office of the General Counsel to facilitate creation of the trust account.

3) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

4) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

5) OGR will send a gift receipt for tax purposes to the legal donor.

<u>Gift Acceptance Considerations:</u>

- Refer to the above acceptance section.

<u>Campaign and Annual Counting Guidelines</u>

A CRT where Emory is irrevocably named remainder beneficiary, including those administered outside of Emory, is counted at the face value of Emory's proportional share for public reporting purposes, and at the discounted present value of Emory's proportional share to CASE and CAE. Where Emory is a revocable beneficiary of a CRT, please refer to the policy for counting bequests.

<u>Contacts:</u>

- Office of Gift Records
- Office of Gift Planning
- Office of the Controller

Charitable Gift Annuity

<u>Definition:</u> A Charitable Gift Annuity (CGA) is a simple contract between a donor and the issuing charity. The donor pays the charity a specific sum of money, or transfers readily marketable securities, and in return receives a fixed payment for life.

CGA contracts may be for a term of one life or two, but no more than two.

Annuity payments are backed by the general assets of the University.

The rates Emory offers for CGAs are those promulgated by the American Council on Gift Annuities (the "ACGA"). Emory reserves the right to offer and/or accept a rate lower than the qualifying

ACGA rate, but will not, under any circumstances, accept and/or offer a rate higher than the qualifying ACGA rate.

Standard CGA

Must meet the following requirements:

- Must be economically viable for Emory.
- Youngest annuitant must be at least 55 years of age.
- Must be funded with at least $10,000 in cash or readily marketable securities.

Deferred CGA

A deferred CGA mirrors the standard CGA except that instead of paying out immediately, the first payout is deferred until a date in the future more than one year from date of execution. They may provide an immediate charitable deduction as well as a higher payout rate. *Deferred CGAs must meet the following requirements:*

- Must be economically viable for Emory.
- Youngest annuitant must be at least 45 years of age at the time of the contract and at least 55 years of age at the time payments commence.
- Must be funded with at least $10,000 in cash or readily marketable securities.

Examples:

- Joan Donor is a 67 year old woman, recently widowed. She donates $20,000 in cash in exchange for a one-life CGA. Emory agrees to pay her the current rate offered by the ACGA for her age, which is 6.2%. Each year, Emory will pay her $1,240. When she dies, the payments will terminate and the residuum of her gift will fund the school or program she designated.

- Jill and Jesse Donor are 74 and 82, respectively. They donate $280,000 in stock that is traded on the NYSE. In exchange for their donation, Emory agrees to a two-life gift annuity with the rate of 6.6%. They receive annual payments of $18,480. Jill dies, and Jesse continues to receive the full amount of the annuity. Jesse dies and the remaining funds flow to the school or unit the Donors designated.

Acceptance and Processing Procedures for the Claim:

1) During the course of gift conversations, a donor, his or her advisor, or an Emory development officer may propose a CGA. Once a CGA has been proposed, the development staff member shall introduce a Gift Planning Officer into the conversation, if the Office of Gift Planning is not already involved.

   No Emory staff member may offer or propose a specific annuity rate without the prior approval of the Office of Gift Planning, which will obtain all necessary rate approvals from the relevant Finance offices.

   As of June 2005, all Emory CGAs will be administered and invested by State Street Global Advisors, or SSGA.

2) After securing approval for the proposed rate, the Office of Gift Planning will provide the services outlined below:

   - Request all relevant and required information on the donor(s), annuitant(s) and proposed funding asset(s).
   - Verify donor eligibility.
   - Prepare sample planned gift calculations.
   - Provide donor with the charitable gift annuity contract and required disclosure statements.
   - Coordinate the final execution of the gift annuity contract by the required parties.
   - Arrange for the transfer of the funding assets to SSGA.

3) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

4) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

5) OGR will send a gift receipt for tax purposes to the legal donor.

Emory will accept the following types of Charitable Gift Annuity arrangements, under certain circumstances, described below.

Gift Acceptance Considerations:

- Reference above acceptance section.

Campaign and Annual Counting Guidelines

Gifts made in exchange for a charitable gift annuity will be counted at their face value for public reporting purposes, and at their discounted present value to CASE and CAE.

Contacts:
- Office of Gift Records
- Office of Gift Planning

Pooled Income Fund

Definition: A Pooled Income Fund is a gift plan authorized and governed by federal tax law that allows donors to receive income for themselves or others for life, and make a generous gift to charity after they die.

Emory's Board of Trustees established the "Emory University Pooled Life Income Fund" (the "Fund") in 1972, allowing donors to make gifts to the Fund for the future benefit of Emory as designated by the donor. The Fund permits the donor to direct the account's net income to one or two persons for life, usually the donor and/or the donor's spouse.

Emory University currently serves as Trustee of its Pooled Income Fund under the terms of a formal Declaration and has appointed State Street Trust as Custodial Agent of the Fund.

By making an irrevocable gift of cash or readily marketable securities to the Fund, a donor "purchases" units in the Fund. His or her donations are "pooled" with those of all other Fund participants. The donor may qualify for an immediate tax deduction for the value that will eventually pass to charity, avoids capital gains tax on the sale of the asset by the Fund after its transfer, and may reduce estate taxes.

Example: John Donor contributes $35,000 in cash to the Pooled Income Fund at Emory. In exchange, he receives 20 units in the Fund. At the end of the quarter, each unit in the Fund has yielded $70.00 in income. John will receive $70.00 for each of his 20 units, or $1400. At the end of his life, the value of his units will be transferred out of the Fund and into the account he designated at Emory.

Acceptance and Processing Procedures for the Claim:

Emory may accept gifts to its Pooled Life Income Fund that meet the following requirements:

- Funding asset is cash, publicly traded stock, or other readily marketable securities with a minimum market value of 10,000.
- No beneficiary is younger than 55 years of age;
- No more than two life income beneficiaries are named per account.

The following may not be contributed to the Pooled Income Fund:

- Tax-exempt securities, such as certain bonds, pursuant to federal law
- Corporate matching gifts.

Donors may make additions to their existing fund account once they participate in the Fund, provided each addition is at least $1,000.

1) When a donor expresses interest in participating in the Pooled Income Fund, the development officer shall submit a request to the Office of Gift Planning to establish a Fund account for the donor. The request should include details of the proposed funding asset and provide necessary information on the donor and proposed beneficiaries. The Office of Gift Planning will coordinate formal acceptance of the request with other Emory administrative offices.

2) If the request is approved, the Office of Gift Planning will provide each donor with a Fund Disclosure Booklet and will prepare a Gift Transfer Agreement for the donor's signature. The Office of Gift Planning will also secure execution by the proper Emory representative. Then, the Office of Gift Planning will arrange for the donor's Fund account to be established and coordinate the transfer of the qualifying assets to the Fund.

3) A copy of the journal entry and any accompanying materials from the Controller will be forwarded to OGR.

4) OGR will scan the gift in Optix for archiving, and record the gift in AWA. The financial entry is:

Db SmartKey & account for gift revenue
Cr 000003241522700 (OGR clearing account)

5) OGR will send a gift receipt for tax purposes to the legal donor.

A separate written Gift Transfer Agreement must be properly completed for each contribution to the Fund, even if made by a donor with an existing Fund account.

Gift Acceptance Considerations:

- Reference above acceptance section.

Campaign and Annual Counting Guidelines

Gifts made to establish a pro rata interest in a pooled income fund are counted at the face value for public reporting purposes, and at the discounted present value to CASE and CAE.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Charitable Lead Trust

Definition: The Charitable Lead Trust (CLT) could be described as the opposite of the Charitable Remainder Trust. In a CRT, the income beneficiaries are individuals and the remainder beneficiary is a charity. Conversely, in a CLT, the charity receives the annual payments and at the expiration of the trust term, the remainder is distributed to individuals.

A CLT is created by a properly executed trust document, wherein the donor specifies all beneficiaries, determines the term of the trust and the payout rate, and designates a Trustee. Then, the donor irrevocably transfers assets to the Trustee for management. The Trustee is responsible for administering the income payout to the one or more charities selected by the donor for a specific time period. At the end of this time period, the trust terminates and all remaining assets are distributed to named individuals or returned to the donor.

There are two types of CLT:

- Charitable Lead Unitrust (CLUT) - A CLUT distributes to charity a fixed percentage of the fair market value of the trust, calculated annually. The annual payout for a CLUT will vary.

- Charitable Lead Annuity Trust (CLAT) - A CLAT distributes to charity a fixed dollar amount based on the original fair market value of assets contributed to the trust. The annual payout for a CLAT will not vary.

Unlike charitable remainder trusts, CLTs do not have a minimum or maximum payout rate by law, and their term can be for any number of years, or for the life of one or more living individuals.

Unlike CRTs, CLTs are not exempt from income taxation.

Whether a donor opts for a CLUT or a CLAT, how he or she designates the remainder significantly affects the tax treatment of the trust. See below for details:

- Grantor CLT - A grantor CLT returns the remainder interest to the donor at the end of the term.

- Non-grantor CLT - A non-grantor CLT distributes any remaining assets after termination to other individuals named by the donor, typically the donor's descendants.

Examples:

- Jessica and Jeffrey Donor create a CLUT and transfer approximately $1 million in securities to it. They name three charities as income beneficiaries, and Emory is one of those charities. They set a 6% payout rate, which means that in the first year, approximately $60,000 will be distributed from the trust. Emory will receive one-third of that payout, or approximately $20,000 in the first year. Subsequent payout amounts will depend on the investment performance of the trust assets. The donors specified a twenty-year term. At the end of the twenty years, the trust will be terminated and the remaining assets will be transferred to Jessica and Jeffrey. At this time, the payout to Emory ceases. This is a grantor CLUT.

- Jane Donor's will creates a testamentary CLAT. She dies, and her entire estate funds the CLAT. The initial funding value of the CLAT is $35 million. She specified a payout rate of 10% in her will, and so each year, $3.5 million will be distributed to Emory, the sole charitable beneficiary. This payout amount will not change, regardless of the performance of the investments in the trust. At the end of the ten-year trust term, the assets that remain in the trust will be distributed to Jane Donor's ten grandchildren and all payouts to Emory cease. This is a non-grantor CLAT.

Acceptance and Processing Procedures:

Because of the tremendous potential for liability, the sophisticated nature of the CLT, and the oversight required to ensure that a CLT benefits the donor and remainder beneficiaries, Emory will not serve as a Trustee for a CLT.

When an Emory representative becomes aware of a proposed CLT or an existing CLT, the matter should be referred to the Office of Gift Planning for handling and coordination with other Emory administrative offices.

The Office of Gift Planning will provide the following services:

- Work with the donor and his or her advisors to develop the trust to help ensure that the income stream will benefit Emory.
- Assist development staff to educate school and unit based leadership about the nature of income from a CLT.
- Secure any necessary approval.

Note that although a development officer may be notified about a CLT, support staff and Office of Gift Records are perhaps equally likely to be the first to learn that Emory is receiving annual payments from an unsolicited CLT. Accordingly, gift processors who receive a check with the term "Trust" or name a person and label him or her as "Trustee," should contact the Office of Gift Planning if there is no prior record of such a trust in AWA. The Office of Gift Planning, which will then work to fill in details about the gift.

The Office of Gift Planning will record the gift in the AWA in conjunction with Office of Gift Records, which will receipt the legal donor.

If the Office of Gift Planning is able to obtain specifics about the lead trust regarding the amount and length of payment, OGR may record the future income stream as five-year pledge.

Gift Acceptance Considerations:

- Reference above acceptance section.

Campaign and Annual Counting Guidelines

Gifts from charitable lead trust shall be counted at face value of the five-year pledge payment income stream for both public reporting purposes and to CASE. Should the lead trust have future distributions for Emory and the initial lead trust pledge has been fulfilled, then an additional pledge will be counted at face value of the five year pledge payment income stream or the remainder of the years in which will trust will be distributed, whichever is less.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Deferred Gifts

Definition: A deferred gift is a gift that is arranged now, but fulfilled later.

All donors who make deferred gifts to benefit Emory are eligible for 1836 Society membership.

Deferred Gifts may include Bequests; Life Insurance Beneficiary Designations; Retirement Plan Beneficiary Designations; and Payable-On-Death / Transfer-On-Death Forms.

Bequests

Definition: A bequest is a gift made through a will or through a trust substituting for a will, such as a revocable trust. Gifts through estates, such as bequests, allow donors to make far larger charitable gifts than they are able to make during their lifetimes while allowing them the use of their assets during life.

A bequest may be outright or contingent. If outright, Emory will receive the funds designated, provided there are sufficient assets in the estate to fill the bequest. If contingent, Emory will only receive the funds specified in the bequest under certain conditions.

A bequest may also be specific or residual. A specific bequest directs a sum certain or a particular asset to Emory. A residual bequest directs a percentage of the residue of the estate, after all other claims on the estate have been satisfied.

Because bequests are subject to change or revocation at the donor's direction during lifetime, they are revocable gifts.

Bequests through wills and trusts are often referred to as "expectancies," because they are expected, but not certain, to be received at some point in the future.

The majority of revocable estate gifts are not disclosed to charities, but are discovered only after the death of the donor.

Examples:

- Joe Donor's will reads, "I give and bequeath the sum of $50,000 to Emory University, an educational institution in DeKalb County, Georgia, for its general purposes." This is an outright specific bequest.

- Jay Donor makes a contingent specific bequest to Emory through his will. "I give and bequeath the sum of $50,000 to my cousin Jessica Donor if she is unmarried at my death and to Emory University, an educational institution in DeKalb County, Georgia, for its general purposes if she is married at my death." This is a contingent specific bequest.

- Jill Donor makes a contingent residual bequest to Emory through her revocable trust. "If neither of my children, Jane and Jack, are living at the time of my death, then I give and bequeath the rest, residue, and remainder of my estate to Emory University, an educational institution in DeKalb County, Georgia, for its general purposes."

- Jeff Donor makes an outright residual bequest of a percentage of his estate. "I give and bequeath 20% of the rest, residue, and remainder of my estate to Emory University, an educational institution in DeKalb County, Georgia, for its general purposes."

<u>Acceptance and Processing Procedures for the Claim:</u>
A development officer proposing a bequest to a donor may contact the Office of Gift Planning for specific language the donor may offer to his or her estate-planning attorney.

Under no circumstances will any representative of Emory draft a Last Will and Testament or other related estate planning documents for a donor. This would be a conflict of interest. However, the Office of Gift Planning is available to provide the names of multiple local estate planning attorneys with whom an Emory donor might confer for independent legal counsel.

Emory representatives shall not sign as witnesses to wills under which they know Emory has been named as a beneficiary.

If an Emory representative learns that he or she has been named executor or other legal actor under a donor's estate plan, the representative shall promptly contact the Office of Gift Planning for assistance in requesting the donor change the document. No Emory representative should volunteer to serve as executor of other legal actor under a donor's estate plan if Emory has been named beneficiary, unless the donor is the Emory representative's family member or spouse and would likely have been named executor anyway.

1) When a donor informs an Emory representative he or she has included Emory in his or her estate plan, whether in a will or trust, the Emory representative shall contact the Office of Gift Planning with the known details of the bequest. The development officer should try to obtain documentation of the bequest, where appropriate and in the best interest of continued cultivation of the donor.

   If the donor is willing to disclose details about the bequest, then the gift can be recorded at both its face value and its net present value and may qualify for inclusion in campaign totals. The minimum documentation required to record a bequest would include any one of the following:

   - An "Estate Intention Letter" which is signed by the donor and provides an estimate of the amount of the estate gift;

   - or, a copy of the legal document establishing the estate gift, such as the relevant provision of the will or trust. If the legal document does not specify an amount for the bequest, the development officer should obtain a written estimate of that amount.

2) If given an option, the development officer should always strive to obtain both a copy of the actual legal document and an Estate Intention Letter. Once obtained, this documentation should be sent to the Office of Gift Planning so that the planned gift may be properly recorded on AWA as an expectancy. If the donor is unable or unwilling to provide the requested documentation, the Emory representative should complete the Estate Intention Letter to the best of his or her ability, write "N/A" as the estimated fair market value, and add

her or his own name in the note at the bottom of the form. When a donor does not provide an estimated fair market value, the estate expectancy will be valued at $1.00.

3) The office of Gift Planning and\or the development officer should forward the backup documentation for the bequest on a gift transmittal form.
4) OGR will record the bequest as a bequest expectancy pledge in AWA.

When a donor informs Emory he or she has made a bequest to benefit Emory, that donor is eligible for membership in the 1836 Society, regardless of whether proper documentation can be obtained.

<u>Gift Acceptance Considerations:</u>

- Will this bequest intention supersede the potential for the donor to make a more significant outright gift?

<u>Campaign and Annual Counting Guidelines</u>

Bequest expectancies are counted at estimated fair market value as documented (see item 2 above) and not discounted based on the age of the donor.

Although certain expectancies can theoretically be irrevocable, they are rare. If irrevocable, such gifts are reported to CASE based on the IRS's monthly-published discount rate for life expectancy tables for annuities.

Contingent bequests will be recorded in the Planned Giving Proposal Windows of AWA, but may not be reported for campaign purposes nor recorded on the Giving Summary window, regardless of documentation. Whether the gift is counted will depend on the likelihood of the contingency.

<u>Contacts:</u>
- Office of Gift Records
- Office of Gift Planning

Life Insurance Beneficiary Designations

<u>Definition:</u> A donor may name Emory beneficiary of a life insurance policy without transferring ownership of that policy to Emory. When a donor only names Emory beneficiary and does not transfer ownership, she or he has made a revocable deferred gift, similar to a bequest in a will. Like a bequest, this gift is an expectancy.   Naming Emory as beneficiary is different from making an outright gift of a life insurance policy to Emory. Please refer to the life insurance gift acceptance policy for guidelines on the acceptance of outright gifts of life insurance.

A donor may choose to name Emory as either primary or secondary beneficiary. If Emory is secondary beneficiary, then the expectancy is contingent, as it depends on the occurrence of another event.

Examples:

- Julie Donor is a 77 year old widow. She owns a universal life insurance policy with a $250,000 death benefit and names Emory as beneficiary. She does not want to transfer ownership of the policy and make a current outright gift, because the asset has a cash value of $123,000 and she worries that she may need that cash one day.

- Jesse Donor is a divorced father of four grown children. His children are self-sufficient and he has made adequate preparation for them in his estate plan. He names Emory as beneficiary of a whole life insurance policy. He does not want to transfer the asset to Emory, because if he remarries, he will change his primary beneficiary to his new wife.

- Joe Donor takes out a term life insurance policy with a $10,000 death benefit and tells Sally Solicitor that he would like to give it to Emory. Sally thanks Joe for his graciousness, and explains that Emory's Gift Acceptance Policies will not permit her to accept a term policy. However, she suggests that he name Emory as beneficiary of the policy. If the policy remains viable, Emory will receive the death benefit when Joe dies.

Acceptance and Processing Procedures for the Claim:

Naming a charity as beneficiary of a life insurance policy can have an impact on a donor's estate plan. Accordingly, any donor considering such a gift should be strongly encouraged to consult with his or her legal and financial advisors before making such a gift.

1) If given an option, the development officer should always strive for a copy of the life insurance beneficiary designation form the insurance company. Once obtained, this form should be sent to the Office of Gift Planning so that the planned gift may be properly recorded on AWA as an expectancy. If the donor is unable or unwilling to provide the requested form, the Emory representative should complete the Estate Intention Letter to the best of his or her ability, write "N/A" as the estimated fair market value, and add her or his own name in the note at the bottom of the form. When a donor does not provide an estimated fair market value, the estate expectancy will be valued at $1.00.

2) The office of Gift Planning and\or the development officer will forward the backup documentation for the beneficiary designation on a gift transmittal form.

3) OGR will record the life insurance beneficiary designation as a bequest expectancy in AWA.

When a donor informs Emory that he or she has named Emory as beneficiary under a life insurance policy, that donor is eligible for membership in the 1836 Society, regardless of whether proper documentation can be obtained.

Gift Acceptance Considerations:

- Will this beneficiary designation supersede the potential for the donor to make a more significant outright gift?

Campaign and Annual Counting Guidelines

Life insurance beneficiary designations are counted at a discounted amount based on the age of the donor or donors. For public reporting purposes, the face value of bequest expectancies will be discounted using the table below:

Age of Donor	% of Face Value Counted
39 and below	0%
40-49	25%
50-59	50%
60-64	75%
65 and up	100%

(For couples, use the younger age.)

Although certain expectancies can theoretically be irrevocable, they are rare. If irrevocable, such gifts are reported to CASE based on the IRS's monthly published discount rate for life expectancy tables for annuities.

Contingent bequests will be recorded in the Planned Giving Proposal Windows of AWA, but may not be reported for campaign purposes nor recorded on the Giving Summary window, regardless of documentation. Whether the gift is counted will depend on the likelihood of the contingency.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Retirement Plan Beneficiary Designations

Definition: A retirement plan provides people with income, or a pension, after they retire when they are no longer earning regular income from employment. For many, however, retirement plans serve as more of a savings device. Employees make regular contributions to retirement plans, which appreciate over time. Many retirement plans offer tax deferral on contributed income. Some examples of retirement plans include 401(k) plans, 403(b) plans, IRAs (both traditional and Roth), company-based pension plans and annuities. *Refer to the retirement plan distributions policy for the acceptance and counting of those outright gifts versus the acceptance and counting of these deferred gifts.*

Although outright gifts from retirement plans are not tax favored under current law, in many cases naming Emory as a beneficiary of a retirement plan is an excellent option for donors. The manner in which Emory is named will depend on the type of plan and the plan administrator.

Naming Emory as beneficiary of retirement plan proceeds is not an outright gift but an expectancy, like a bequest in a will.

Emory may be primary or secondary beneficiary. If the latter, the designation is contingent.

Examples:

- Jim Donor has an IRA with $500,000. He has no children and no spouse. He names Emory beneficiary of the IRA proceeds. At his death, Emory will receive the assets remaining in his IRA.

- Jeff Donor is employed and has a 401(k) plan. He names Jill, his spouse, as the beneficiary under his plan, and designates Emory as the secondary, therefore contingent, beneficiary. Emory will only receive the proceeds from this plan if Jill predeceases Jeff.

Acceptance and Processing Procedures for the Claim

Naming a charity as beneficiary of a retirement plan can have an impact on a donor's estate plan. Accordingly, any donor considering such a gift should be strongly encouraged to consult with his or her legal and financial advisors before making such a gift.

Otherwise, follow the Acceptance Procedures outlined for Bequests.

Gift Acceptance Considerations:

- Will this beneficiary designation supersede the potential for the donor to make a more significant outright gift?

Campaign and Annual Counting Guidelines

The Counting and Reporting policies for retirement plan designations mirror those for Bequests.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Payable-On-Death / Transfer-On-Death Forms

Definition: Payable-On-Death (POD) and Transfer-On-Death (TOD) beneficiary designations are available in many states at financial institutions (note that this option is not available in all states). They allow individuals to direct that the assets in a particular account be transferred to another individual or to a charity upon death. Once the designation is completed and the original account holder has died, the beneficiary will need to produce only a death certificate and identification to take custody of the assets.

Naming Emory as beneficiary through a POD or TOD designation is not an outright gift but a revocable expectancy, like a bequest in a will.

Example: Joanne Donor has a savings account at her local bank with $52,000 in it. She completes a POD form and directs that upon her death, the funds should be payable to Emory. When Joanne dies, an Emory representative presents her death certificate and identification and takes custody of the assets.

Acceptance and Processing Procedures for the Claim

Use of a POD or TOD can have an impact on a donor's estate plan. Accordingly, any donor considering such a gift should be strongly encouraged to consult with his or her legal and financial advisors before making such a gift.

Otherwise, follow the Acceptance Procedures outlined for Bequests.

Gift Acceptance Considerations:

- Will this beneficiary designation supersede the potential for the donor to make a more significant outright gift?

Campaign and Annual Counting Guidelines

The Counting and Reporting policies for POD and TOD beneficiary designations mirror those for Bequests.

Contacts:

- Office of Gift Records
- Office of Gift Planning
- Office of the Controller

Commitments

Definition: In general, a commitment is a promise to give or cause to give cash or other asset to Emory University. The source of the future asset to be received by Emory will determine whether the promise to give will be passed to Emory's financial statements as a pledge receivable.

Commitments may include Pledges and Statements of Intent.

Pledges

Definition: A pledge is a legally enforceable written or oral agreement to contribute cash or other asset to Emory University.

Examples:

- James Donor pledges $4,000 per year for five years to the building fund for a new library at Emory.
- Joan Donor would like to fund a $1,000,000 endowment over a five year period to create a professorship in the department of neurology.

Acceptance and Processing Procedures for the Claim:

Pledges must be fulfilled by the individual or legal representative of the entity that made the pledge. If the future gift is going to be fulfilled by another entity that has not signed a gift agreement with Emory, then the pledge should be recorded as a Statement of Intent in the development database. Statements of Intent are not passed to the University's financial statements since they may not be legally enforceable.

1) Whenever an entity promises to give a future gift to Emory, a gift agreement should be drafted by the school's or unit's stewardship representative, or the central Office of Donor Relations outlining the terms of the gift agreement. The gift agreement must be signed by the unit Vice President for the Office of Development and Alumni Relations, the dean or chief executive officer for the School or unit benefiting from the gift, and the individual pledging to make the gift.

2) Each gift agreement must specify the legal donor, how the funds are to be used, whether and how a fund or other asset will be named in recognition of the gift, any special stewardship responsibilities of Emory, and the source of the future asset if it is going to be fulfilled by someone other than the individual signing the pledge agreement, and the pledge fulfillment schedule. *Reference the guidelines for a Statement of Intent if another entity is going to fulfill the pledge other than the signer of the pledge agreement.*

3) If the pledge is for unrestricted support such as each school's annual fund, then a signed pledge card will suffice as the legal document for recording the pledge.

4) A signed gift agreement or pledge card is required to enter a pledge in the development database. In special cases however, constituents close to Emory such as trustees may make an oral promise to give a future gift to Emory. If the individual is undecided about the specific purpose of his or her future gift, it may be premature to draft a specific gift agreement. In these cases, it is sufficient for the unit Vice President of the Office of Development and Alumni Relations to draft a letter to the individual confirming the oral obligation.

5) Once the individual fulfilling the pledge has signed a gift agreement or pledge card, or a signed confirmation letter has been sent to the individual, the school or unit should forward a copy of the gift agreement, pledge card, or confirmation letter with a completed Gift and Pledge Transmittal Form to OGR for recording in AWA.

6) OGR will scan the pledge information in Optix for archiving, and record the pledge information in AWA as a pledge. The financial entry is:
   Db SmartKey & account for gift revenue
   Cr 000003241522700 (OGR clearing account)

Gift Acceptance Considerations:

- Is the pledge unconditional?
- Are there certain requirements that must be met in order for Emory to receive the future asset?
- What are the restrictions placed on the use of the future asset?
- What kind of entity will fulfill the pledge?

Campaign and Annual Counting Guidelines

Pledges that are legally enforceable and unconditional will be counted at the face value of the five year pledge payment income stream for both public reporting purposes and to CASE. Pledges are not reported to CAE.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Statements of Intent

Definition: Statements of Intent are non-binding agreements between an individual and Emory University. They are not legally enforceable and therefore are not carried on the University's financial statements.

The IRS does not permit a donor to satisfy his or her outstanding pledge through a gift from a donor advised fund, therefore a Statement of Intent should be created to differentiate between a legally enforceable pledge and a non-binding, not legally enforceable Statement of Intent.

Example: Jill Donor makes a five year pledge of $30,000 per annum. Jill notifies the development officer that she intends to recommend a grant from her donor advised fund to fulfill her commitment. The gift agreement confirms Jill's intention by including a clause that "Jill Donor intends to recommend a grant for $30,000 from her donor advised fund annually." Since Jill is not personally satisfying this commitment, the gift agreement is recorded as a Statement of Intent in the development database (AWA) and not passed to Emory's financial statements as a legally enforceable non-binding pledge.

Acceptance and Processing Procedures for the Claim:

1) *A Statement of Intent is actually a transaction in the development database to track those future gifts which will not be fulfilled by the entity informing Emory of the future gift.* These typically apply to those potential future gifts from donor advised funds.

2) During the course of cultivation, if the development officer discovers that the prospect intends to recommend a grant from his or her donor advised fund to benefit Emory, the gift agreement should confirm that the individual might recommend a grant from a donor advised fund.

3) Pledge cards used for broad-reaching solicitation appeals should also contain a provision for the individual to indicate that he or she make recommend a grant from a donor advised fund.

4) Once the individual fulfilling the pledge has signed the gift agreement or pledge card, or a signed confirmation letter has been sent to the individual, the school or unit should forward a copy of the gift agreement, pledge card, or confirmation letter with a completed to Gift and Pledge Transmittal Form to OGR.

5) OGR will scan the pledge information in Optix for archiving, and record the pledge in AWA as a statement of intent. The financial entry is:
Db SmartKey & account for gift revenue
Cr 000003241522700 (OGR clearing account)

Gift Acceptance Considerations:

- Is the pledge unconditional?
- Are there certain requirements that must be met in order for Emory to receive the future asset?
- What are the restrictions placed on the use of the future asset?
- What kind of entity will fulfill the pledge?

Campaign and Annual Counting Guidelines
Statements of Intent will be counted at the face value of the agreement for public reporting purposes. They will not be reported in the University's financial statements and will not be reported to CASE.

Contacts:
- Office of Gift Records
- Office of Gift Planning

Gifts with Associated Benefits

Definition: Any gift to Emory University in return for which the donor receives associated benefits, including, for example, the purchase of tickets to events, the purchase of goods or services at auctions, purchase of a table or seat at a dinner, or memberships in University organizations that exceeds the current Internal Revenue Service token exception threshold.

Token Exception (IRS 2008 Limits)
Insubstantial goods or services Emory provides in exchange for contributions do not have to be described in the charitable gift receipt. Below are the rules Emory staff shall use to determine whether a good or service is insubstantial.

- If the donor's payment to Emory is less than $45.50, then goods or services provided to him or her are considered insubstantial if the fair market value of the benefits that the donor receives does not exceed the lesser of 2% of his or her payment or $0.91.
- If the donor's payment to Emory is $45.50 or more and the only items provided to him or her bear Emory's name or logo (or a unit of Emory's name or logo), then the goods or services provided to him or her are considered insubstantial if the cost of these items is $9.10 or less.
- If the donor's payment to Emory is $45.50 or more and the goods or services are not items with Emory's name or logo (e.g., dinner or a production), then the goods or services provided to him or her are considered insubstantial if the fair market value of the benefits that the donor receives do not exceed the lesser of 2% of his or her payment or $9.10.

Fundraising Event
An activity sponsored by Emory or any other group or organization for the purpose of fundraising to benefit the University. In exchange for the price of admission, the donor generally receives a benefit or privilege.

Auction
A fundraising event at which guests pay Emory or a support group for goods and services that have been donated by third parties.

Memberships
In exchange for a contribution, members of Emory sponsored clubs, sponsored affiliates, or The Michael C. Carlos Museum receive services and access to events that would otherwise require payment.

Policy:

In accordance with IRS regulations, Emory University will provide the donor with a receipt for a contribution with a statement as to whether any goods or services, i.e., benefits, were given to the donor in exchange for his or her contribution. A description and good faith estimate of the value of such goods and/or services will be provided. It is the responsibility of schools, departments or groups sponsoring events to submit to OGR information on the fair market value of such benefits provided, whether or not at a cost to Emory or the sponsoring organization.

Procedures for Fundraising Events:

Any school or unit sponsoring a fundraising event should contact OGR for guidance and support in advance of the event.

Any printed or web-based materials, including email, advertising the event must contain language about the fair market value of the event. For example, the fair market value of concerts, theatrical performances and athletic events should be the price normally charged for admission. Dinners or dinner/dances should be valued for the total expense before underwriting. A reception or dinner plus performance should take both elements into account.

If the event has no counterpart by which the fair market value can be measured, then such value should be determined by reasonable estimate with the assistance of the Director of Office of Gift Records. Documentation as to how the fair market value was determined must be maintained on file at the department or school for a minimum of five years.

The purchase price of the ticket may be in excess of the fair market value.

In some cases, a donor may wish to purchase a ticket for the event in order to contribute to Emory University. Whether or not a donor attends the event is irrelevant for IRS purposes if the donor does not specify at the time of purchase that he or she declines tickets to the event.

Printed or web-based materials, including email, used to market the event or invite attendees should contain the following clause so that Emory may provide charitable gift credit for the entire amount of the gift:

The fair market value of each ticket is $X.XX. The purchase price in excess of the fair market value shall be treated as a charitable contribution. If you prefer to not receive any tickets, and thus have the full value of the ticket treated as a charitable contribution, please check the box below:

( ) I do not wish to receive any benefits in exchange for my contribution.

All checks must be made payable to Emory University in order to provide a charitable gift receipt to the donors. If a third party check is endorsed over to Emory, a letter must accompany the check identifying the payment as a charitable contribution.

Checks, credit card charges or other forms of payment for events shall be transmitted to OGR on a "Quid Pro Quo Gift Transmittal Form."

Procedures for Auctions:

Any school or unit sponsoring an auction should contact OGR for guidance and support in advance of the event.

Donors making in-kind contributions of items that will be sold at auction may be credited as making charitable gifts in accordance with IRS regulations depending on the nature of the gift. Refer to the relevant section of these policies for guidance and information.

Generally, unless the purchase price exceeds the fair market value of an auction item, no portion of the purchase price is considered a charitable contribution or is deductible.

If a purchaser is paying more than fair market value for an auction item, to distinguish the portion of the purchase price that is treated as a gift, an Emory representative should recommended that the purchaser write a separate contribution check, or make a separate credit card payment, for the amount over and above the fair market value of the item being purchased at auction.

No invitations, reply cards, tickets, letters, or other printed or web-based materials issued in relation to an auction shall indicate or imply that the price paid by a donor for goods purchased at the auction are either fully tax deductible or "deductible to the extent provided by law."

Checks, credit card charges, or other forms of payment for items purchased at auction shall be transmitted to OGR on an “Auction Proceeds Gift Transmittal Form.”

<u>Procedures for Memberships:</u>

An annual membership fee is considered a charitable gift if it is $75.00 or less per year and only provides annual recurring rights or privileges such as:

- free or discounted admissions to the charitable organization’s facilities or events;
- discounts on purchases from the organization’s gift shop;
- free or discounted parking;
- and, free or discounted admission to members only events sponsored by the club or museum, where the per person cost, not including overhead, is within the “low cost articles” limits.

Benefits that exceed the low cost threshold must be disclosed in any printed material promoting or soliciting membership.

All printed materials associated with memberships in Emory clubs or groups, or the Michael C. Carlos Museum must indicate the fair market value of the goods or services associated with membership. No invitations, reply cards, tickets, or any printed or web-based materials, including email, related to a fundraising event or membership solicitation may characterize the full face price of the ticket or membership to be a donation, contribution, or gift, nor may such items state the cost of the ticket or membership is either fully tax deductible or "deductible to the extent provided by law."

Auction Procedures

Definition: An auction or special event that raises funds for Emory University may offer the opportunity for two different donors to make a charitable donation. First, there is the donor of the item being auctioned. If the item sells, that donor has made a charitable gift. A second gift may be realized, provided the winning bid is in excess of the publicly disclosed fair market value for that item. The amount in excess of that value is recorded as a gift.

Examples:

- Flavors Restaurant gives Emory a $100 gift certificate for dinner for a silent auction. Jamie Donor wins the item at auction and pays $75 for it. Flavors Restaurant receives legal and recognition credit for its $100 donation. Because Jamie paid less than fair market value for the item, he receives no gift credit at all.

- Jazzy Jewels donates a necklace to Emory for a silent auction. The fair market value of the donation is $500. Julie Donor wins the item at auction and her winning bid is $750. Julie writes two checks to Emory. Her first is for $500 and reflects the fair market value of the item. She receives no gift credit for this amount. The second is for $250. She receives legal and recognition credit for this amount. Jazzy Jewels receives legal and recognition credit for its $500 gift.

Acceptance Procedures:

Prior to Auction

1) Refer to the gift acceptance procedure for real and tangible personal property for guidance on processing the gift to be auctioned.

2) Once the item to be auctioned is received, the item should be held in a secure area until the auction.

After the Auction

3) Upon completion of the auction, the development officer responsible for managing the auction must forward a completed DAR Auction Sales Transmittal Form to OGR detailing the results of the auction.

4) All items which are sold in an auction with a fair market value of more than $500 must be reported by Emory University on IRS Form 8282.

5) OGR will deposit the funds and record each transaction in accordance with the information on the DAR Auction Sale Transmittal Form.

6) Any auction item which sells for more than the publicly disclosed fair market value will constitute a charitable gift donation. The donor purchasing the item will receive a receipt for tax reporting purposes detailing the benefit received, i.e., the item purchased.

7) Gifts of tangible personal property to be sold at auction shall be counted at full market value based on either information supplied by the donor or, in the absence of such, by Emory University.

Gifts with fair market values exceeding $5,000 shall be counted at values placed on them by a qualified independent appraiser, in accordance with IRS regulations.

Gift Acceptance Considerations:

- Does the item being donated for auction meet the guidelines of a charitable gift?
- Is the item being donated a service or partial interest gift? These are not generally tax deductible contributions.

Campaign and Annual Counting Guidelines

Reference gifts of tangible property for guide for items being donated for purposes of auction.

If the item bought at auction *exceeds* the fair market value of the item, then that portion exceeding the fair market value will be counted at face value for internal reporting purposes and to CASE and CAE.

Contacts:

- Office of Gift Records
- Office of Gift Planning

Estate Processing Procedures

Definition: When a donor who has made a planned gift to benefit Emory dies, there are many steps which must be taken to ensure Emory's interests are protected.

These procedures should be followed when a donor with a known planned gift dies or when an Emory representative learns of a gift through an estate.

Examples:

- Jim Donor had a Charitable Gift Annuity through Emory. Jim's daughter calls Sally Solicitor to tell Sally of Jim's death.
- Sally Solicitor receives a check in the mail, payable from an account named "Estate of Joe Donor."
- Sally Solicitor receives a phone call and subsequent package from Larry Lawyer who informs her that Emory has been named in Jane Donor's will and that Jane has died.

Acceptance and Processing Procedures for the Claim

The Office of Gift Planning is the only DAR office authorized to handle matters related to estates benefiting Emory.

When an Emory representative is notified of the death of an individual who has made a split-interest or deferred gift to benefit Emory, the representative shall notify the Office of Gift Planning and forward copies of all available documentation and correspondence.

If the Office of Gift Planning is notified of the death of an individual with a split-interest or deferred gift, the Office of Gift Planning will promptly notify the school or unit named as beneficiary of the estate.

Upon notification or referral, the Office of Gift Planning will provide the following services:

- Contact the executor of the estate, the trustee of the trust, or other party handling the estate gift and provide him or her with all necessary information.
- Request copies of all relevant documents and other communications.
- Obtain an estimate as to the projected amount, form and timing of the distribution.
- Coordinate all communications with the estate gift representative and various Emory offices regarding the acceptance and approval of the pending estate distribution.
- Determine the extent of any liabilities which may be associated with the estate gift in accordance with these Gift Acceptance Policies and Procedures.
- Refer to the Gift Acceptance Committee any and all estate gifts of assets which require prior approval.
- Resolve any conflicts or issues that arise in Emory's best interests.
- Request liquidation of non-cash estate gifts, where permissible and appropriate.
- Provide instructions to the estate representative regarding the disposition of the estate gift.
- Arrange for the signing of all required estate documents by the authorized signers at Emory.
- Coordinate receipt of all estate distributions with other Emory administrative offices, as

necessary.

The Office of Gift Planning will work to ensure Emory receives its full entitlement of the estate gift, as the decedent directed, on a timely basis.

The Office of Gift Planning will also determine the specific intended use and purpose of the gift as directed by the decedent in the governing legal instrument.

Unrestricted, general estate gifts to Emory University will be referred to the Senior Vice President for Development for management designation as a quasi-endowment to support the general purposes of Emory University. In making that designation, the Senior Vice President shall consult with the President.

Gifts that have been designated for a particular college, school, or unit but are otherwise unrestricted shall be referred to the appropriate Vice President for Development (Health Sciences or University Programs) for management designation as a quasi-endowment to support the aforementioned college, school, or unit. In making that designation, the Vice President shall consult with the appropriate dean, director, or unit leader.

If the proceeds are less than the minimum amount required to establish an endowment (generally $50,000), the funds will be directed to an expendable fund that most closely matches donor intent. This includes gifts of property or other non-cash contributions to be converted to cash. Refer to the Unrestricted Planned Gift Designation Policy.

When necessary, the Office of Gift Planning will coordinate with the Office of the General Counsel, including situations requiring the retention of outside counsel.

The Office of Gift Planning will attempt to obtain the contact information of family members of the decedent. Such contact information will be shared with the benefiting school or unit for stewardship, as appropriate.

<u>Gift Acceptance Considerations:</u>

- Are there any special stewardship or donor relation requirements?

<u>Campaign and Annual Counting Guidelines</u>

In general estate gifts are counted at their face value for internal reporting purposes and to CASE and CAE unless the estate gift was previously counted. If the estate portion of the gift exceeds the original amount counted, then the difference will be counted as an extra gift at the face value of the gift.

<u>Contacts:</u>

- Office of Gift Planning
- Office of the Controller
- Office of the General Counsel
- Office of Gift Records