



## **Charitable Gift Policy**

**June 2022**

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## I. INTRODUCTION AND PURPOSE

Butler University administration and its Board of Trustees recognize the critical importance of philanthropic contributions to the continued existence and excellence of the University. Butler further recognizes its responsibility to ensure that gifts from private external sources:

- are appropriate to the mission of the University;
- do not carry restrictions or conditions that may compromise the University at any time, now or in the future;
- are legal;
- are from donors whose intents are charitable; and
- are administered to protect donors' rights and wishes.

Butler University is a not-for-profit educational institution registered and domiciled in the State of Indiana. The University is a qualified organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, charitable gifts made by individuals and entities to the University are eligible for deduction under the direction of federal tax laws. The University is mindful that, under IRS regulations, a philanthropic gift must be characterized as the complete transfer of assets from the donor to the University without receiving a material return benefit. The donor irrevocably transfers ownership and control over the funds to the University. Due to this irrevocable nature, charitable gifts to the University will not be refunded to Donors.

Butler University cannot accept gifts that involve unlawful discrimination based upon race, religion, sex, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws and regulations. Nor can Butler University accept gifts which obligate it to violate any other applicable law or regulation or which violate the charter or mission of the University.

Butler University will adhere to federal law, the Internal Revenue Code and its regulations, the University's charter and other governing documents and all applicable State of Indiana statutes. Furthermore, the Butler Board of Trustees elects to abide by Uniform Prudent Management of Institutional Funds Act.

Butler University will further adhere to the codes of ethics as promoted through the Donor Bill of Rights and approved by the Association of Prospect Researchers for Advancement (APRA), Association of Advancement Services Professionals (AASP), Association of Donor Relations Professionals (ADRP), Association of Fundraising Professionals (AFP), the Council for the Advancement and Support of Education (CASE), and the Partnership on Philanthropic Planning (PPP).

These policies shall become effective June 1, 2022 and shall supersede any existing policy or policies purporting to cover the subject matter of this document. These gift policies will be reviewed by the Office of University Advancement prior to May 31 in even-numbered years, or as warranted by changes in law and university policy. Any changes shall be approved by the University Board of Trustees.

## **II. GIFT ACCEPTANCE POLICY**

The following principles constitute the University's policy on the acceptance of gifts, which is intended to guide the Trustees, the President and others representing the University in such matters while considering the interests and concerns of potential donors.

Occasionally individual gifts may be presented for discussion to Butler University's Gift Policy Committee (GPC). Gifts that may expose the University to adverse publicity, require undue expenditures, or involve the University in unexpected responsibilities because of their source, conditions, or purposes should be reviewed by the Gift Policy Committee prior to acceptance. The University is guided by standards set forth by the Council for Advancement and Support of Education (CASE) when questions of whether a particular transfer of assets counts as a charitable gift.

### **Principle 1:**

In accepting gifts from any source, the University must retain control over its appointments and assignments, the content and conduct of its teaching and research programs, and any other activities under its sponsorship. Although advisory and consultative arrangements of various kinds may be utilized, the University cannot share or delegate to others the responsibility for deciding what activities are to be carried out in the name of the University. Personal gifts from owners, employees, or shareholders in vendor companies to the University may be subject to review and approval by the Gift Policy Committee (GPC) for any potential conflict of interests.

### **Principle 2:**

Gifts are accepted only if they are for purposes which are consistent with, and of assistance to, the educational and scholarly objectives of the University and are for activities which are within its capabilities. Gifts which will not directly benefit Butler students, faculty, staff, or programming will not be accepted by the University; these include gifts that are not charitable to Butler University but in fact benefit an outside 501(c)3 organization (may be called "pass-through" gifts). Butler's mission is to support Butler and its graduates and as such, the Butler platform cannot be used to raise funds for or promote any student or other fundraising efforts that do not directly support Butler University, no matter how worthwhile. Gifts to support recognized University student organizations may be accepted provided the organization is primarily educational in nature. Exceptions to this must be approved by the Gift Policy Committee (GPC).

### **Principle 3:**

Care shall be exercised so as not to accept gifts which entail a commitment of University resources, e.g., to supplement the gifts or to sustain the work supported by them, unless the University is financially and morally able to make such a commitment and agrees to the commitment prior to solicitation or acceptance. Gifts of this nature are subject to review and approval by the Gift Policy Committee (GPC).

### **Principle 4:**

As a general policy, gifts provided for endowment are invested per the University's investment

and spending policies as determined by the Board of Trustees.

#### **Principle 5:**

The ultimate responsibility regarding appraisals, tax deductibility, and local, state, and/or federal compliance issues regarding gifts and commitments rests with the donor and/or such counsel as the donor may wish to secure.

#### **Principle 6:**

Grant income from private, nongovernmental sources should be counted and reported as philanthropic support; contract revenue and grants from government entities should be excluded from charitable gift reporting. The difference between a private grant and contract should be judged on the basis of the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award. A grant is bestowed voluntarily, without expectation of any tangible compensation. It is donative in nature, while a contract carries an explicit quid pro quo relationship between the source and the institution.

### **1. Outright Gifts**

**A) Cash and Cash Equivalent.** Gifts of cash include currency, bank drafts, credit cards, checks, payroll deductions, wire transfers and matching gifts. Cash gifts should be accepted and processed in the normal course provided that any donor restrictions imposed on the gift are otherwise in compliance with this Policy. The University currently does not accept foreign currency or foreign checks.

**B) Securities.** Butler University accepts gifts of publicly traded securities including stocks, bonds, and mutual funds. This type of gift should be transferred electronically to the University's brokerage account. It is the University's general policy for all publicly traded securities to be sold upon receipt. The value of a gift of securities is determined by the mean (average) of the high and low of the stock(s) or bond(s) on the day the transfer is received by Butler University's brokerage account. Actual proceeds (more or less than the gift credit amount) are deposited to the appropriate gift account.

- i. Closely Held Securities.** Gifts of securities that are not publicly traded will be accepted at the discretion of the Gift Policy Committee on a case-by-case evaluation of the conditions affecting the eventual sale of the securities by the University. Such gifts over \$10,000 in value will be credited at fair market value as determined by a qualified, independent appraiser secured and compensated by the donor. Gifts of closely held stock of \$10,000 or less may be valued at the per-share cash purchase price of the most recent transaction, in the same reporting period. If no such transition has occurred, an independent certified public accountant (CPA) who maintains the books for that corporation is qualified to value its stock.

**C) Partnership and Limited Liability Company Interests.** Proposed gifts of limited partnership interests and ownership interests in limited liability companies will be evaluated on a case-by-case basis by the Gift Policy Committee before acceptance. To consider such acceptance, the donor will be required to provide certain due diligence information such as financial/tax information and governance documents to the Committee for consideration.

**D) Gifts from Donor Advised Funds and Private Family Foundations.** Donor-advised funds (DAFs) are philanthropic vehicles established at public charities that allow donors to make

charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time. The University will accept gifts from private foundations and donor advised funds, but such gifts cannot be used to fulfill an outstanding pledge agreement. Additionally, while gifts from a DAF or private family foundation can be made to support Butler Athletics, Federal law prohibits use of such gifts if tangible benefits, such as priority consideration for the purchase of athletic tickets, are received. The receipt of priority points or other benefits by a private foundation related to a charitable contribution may render the gift ineligible to meet the qualifying distribution rules of IRC Section 4942 applicable to private foundations.

**E) Matching Gifts.** Recognition and gift credit will be given to those organizations that make matching gifts. Matching gifts made at the direction of an individual will count toward that individual's membership in University gift recognition societies, but these gifts will not be applied to any outstanding pledges made by the donor. Each individual donor is responsible for their matching gift and should initiate the necessary paperwork with the matching organization and make sure the proper documentation is delivered to the University. University Advancement staff will make every effort to help expedite this process. If an organization does not match certain restricted gifts or requires its match to be categorized in some specific way, then the University shall help to make donors aware of such policies. Please note that many matching gift companies will typically only match that which the IRS recognizes as a tax-deductible contribution.

**F) Gifts-in-Kind.** Butler University will accept gifts of property, including both tangible and intangible personal property. Acceptance of gifts of personal property will be based on whether the property (a) is readily marketable, (b) is needed by the University for use in a manner which is related to the purposes for which its tax-exempt status was granted, and (c) promotes its tax-exempt purpose. It is the responsibility of the university representative accepting the gift to consult with Advancement staff prior to acceptance. It is important that the representative, department, program, or office consider the value of the gift to the University. Once the University has decided to accept a gift-in-kind, the receiving unit should provide the Gift-in-Kind acceptance form to the donor, who should fill out all applicable sections. The form and all supporting documentation for the gift, including Form 8283 (if applicable), should be forwarded to the Office of University Advancement, c/o Gift & Records Services.

It is the donor's responsibility to establish value for the gift and to provide, at the donor's expense, a qualified appraisal if required by the Internal Revenue Service for gifts of personal property valued in excess of \$5,000. If requested by the donor, the University will sign and return an IRS Form 8283. Appraisals used for this purpose should be no more than 60 days old. Gifts of less than \$5,000 shall be valued at the amount it would cost to purchase the item in its current condition at the time it is donated, as determined by the donor, and agreed upon by the University. Gifts without an appraisal may be counted as gifts of \$0 until an appropriate value is submitted. Where an appraisal is not available, University Advancement will take the donor's estimated value under advisement and reserve the right to obtain its own appraisal. All values must be determined using the educational discounts that would be granted to Butler if Butler were to purchase the property.

- i. **Tangible Personal Property.** Gifts of tangible personal property are defined as those gifts other than land and improvements to land that can be touched. Butler University will accept gifts of tangible personal property such as, but not limited to, books and manuscripts, audio and video productions, boats, computers, or computer hardware. These items are potentially tax deductible to the donor. The University

agrees that if any reported property is sold within 3 years of the date of the receipt, IRS Form 8282 will be filed with the IRS providing information on the sale and a copy of the IRS Form 8282 sent to the original donor.

- ii. **Intangible Personal Property.** Only after approval by the Gift Policy Committee will Butler University accept gifts of intangible personal property, such as patents, software, copyrights, goodwill, trade names and trademarks, partnership interests, and installment obligations.
- iii. **Gifts of Artwork** are the subject of separate University policies as determined by the University Art Committee.
- iv. **All Cryptocurrency** gifts will be reviewed and accepted only upon approval from the Gift Policy Committee. Cryptocurrency gifts of \$5,000 or more will require a qualified third-party appraisal for the donor to take a charitable tax deduction and this cost will be borne by the donor.
- v. **Contributed Services and Partial Interest.** This includes such items as personal time, services, and use of property or facilities (examples include photography services, printing of materials, design work, use of a beach house, use of a private plane, etc.). A person's or organization's time and/or service is not considered a charitable contribution and is not countable, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service. In these situations (if the donor wishes to make a charitable contribution and receive tax credit), CASE suggests that the donor bill the institution and then make a cash donation of the same value. However, in certain circumstances, Butler may recognize contributed service(s) through soft gift credit so that such donors are included in calculations for acknowledgement and recognition. This credit will not be included in overall fundraising totals. Often these goods or services are received in conjunction with auctions that benefit the University -for information about auctions, see the Auction Policy and Procedures.
- vi. **Corporate or Foundation Sponsorships.** Sponsorships can be charitable depending on the types and scope of the "advertising" associated with the agreement; in this case advertising is defined by CASE as "...messages containing qualitative or comparative language, price information, or other indications of savings or value, endorsements, and inducements to purchase, sell, or use particular products or services." If an organization allows a business to be the exclusive sponsor of an event, the mere acknowledgment as exclusive sponsor generally does not result in a substantial return benefit. However, allowing the corporation to be an exclusive provider generally would result in a substantial return benefit. If needed, Gift Policy Committee approval should be conducted to determine any associated charitable gift.

**G. Real Property.** Butler University may accept gifts of real property which may include real property subject to a retained life estate or other planned gift vehicle. Donors may make outright and planned gifts of real property and undivided interests in real property. Subject to review and approval by the Gift Policy Committee, Butler University will, at its discretion, accept gifts of real property that it can reasonably expect to resell, based on consideration of the following:

- i. Market value and marketability based on a reasonably current appraisal from a qualified appraiser of the fair market value of the property and interest in the property that Butler University would receive. The University requires that the donor pays for completion of the qualified appraisal. For all gifts, but particularly life-income gifts, Butler University reserves the right to perform on its own behalf a second appraisal, which would be completed at the University's expense. It is the University's practice to dispose of all gifts of real estate (other than property which the University wishes to retain) as expeditiously as possible.
- ii. Results of Phase I environmental audit (required for all proposed gifts of real property, including gifts from estates) and a completed professional inspection of the improvements to the property, if warranted. The audit will be performed at Butler University's expense.
- iii. The discharge of all mortgages, deeds of trust, liens and other encumbrances. Exceptions may be made when the fair market value of the University's interest in the property net of all encumbrances is deemed to be substantial, or when a separate agreement to pay any encumbrances that might be charged to the University has been executed by a financially responsible party.
- iv. The existence and amount of any carrying costs, including real estate taxes, insurance, utility services, transfer fees, and property owner's association or membership dues.
- v. Title information in the possession of the donor, such as the most recent survey of the property, a title insurance policy and/or an attorney's title opinion.

## 2. Deferred Gifts

Butler University accepts gifts such as charitable trusts, charitable gift annuities, insurance policies, retirement plan beneficiary designations and bequests. Exceptions to these policies and minimum amounts may be made at the discretion of the Gift Policy Committee.

**A) Life Income Gifts.** Life income gifts are those that provide donors with annual incomes, including trusts and annuities. Donors of life income giving arrangements may designate the remainder value of their gift to any approved program within the university, provided it is not too restrictive in purpose or inconsistent with its stated academic purposes and priorities. Remainder gifts that will be used to establish named endowments or future naming opportunities must meet the prevailing minimum as further discussed in this policy. The University will not convey naming rights for a facility or program based on a revocable deferred gift commitment, (see "Charitable Naming Policy")

1. **Trusts.** Care will be taken to ensure that both unitrusts and annuity trusts of which the University is a remainder beneficiary comply with appropriate provisions of the Internal Revenue Code. The University may act as trustee of a unitrust or annuity trust of which it is a remainder beneficiary if it is in the University's best interest to do so. The Vice President for University Advancement will make this determination.

- i. **Charitable Lead Trusts.** Agreements by which Butler University accepts assets in trust for a specified term of years, during which it receives periodic distributions from the trust. At the expiration of the time period determined by the donor(s), assets are transferred back to the donor(s) and/or beneficiaries specified by the donor(s).
- ii. **Charitable Remainder Trusts.** Agreements that provide distributions to one or more beneficiaries specified by the donor(s). Established during life or at death, the donor (or the donor's estate) receives a current income or estate tax deduction. Those designated as beneficiaries receive periodic distributions from the trust. When the trust terminates, the remaining trust funds are paid to Butler University and/or various charities for purposes designated by the donor.

Charitable remainder trusts can last either for the life of the income beneficiaries or for a term between one (1) and twenty (20) years. Charitable remainder trusts may take the forms of charitable remainder annuity trusts and charitable remainder Unitrust (straight Unitrust, net income Unitrust, net income with make-up Unitrust, or FLIP Unitrust).

Butler University will accept charitable lead and remainder trusts initially funded with a minimum gift of \$250,000. Income beneficiaries must be at least 55 years of age at the time the trust begins income payments.

2. **Annuities.** Charitable gift annuities are contractual agreements between a donor and Butler University under which the donor makes a gift, and in return, Butler University guarantees a fixed annual payment (distributed annually, semi-annually, or quarterly) for one or two lives. The rate of the annual payment is determined by reference to the suggested rates as adopted by the American Council on Gift Annuities and revised from time to time. While payout is not insured by any governmental agency, it is backed by the assets of Butler University. A gift annuity provides a current income tax deduction and a payout that may be current or may be deferred for one year or more.

Butler University will accept charitable gift annuities that meet a minimum gift level of \$25,000 provided that all annuity payment recipients must be at least 55 years of age at the time the annuity payments begin. Donors that have previously established gift annuities may establish additional gift annuities at the minimum amount in effect at the time the earlier annuities were established.

3. **Real Estate with Retained Life Estates.** A form of deferred gift whereby a donor irrevocably transfers legal ownership of a personal residence or a farm property to Butler University, but retains the right to live in, on, or otherwise use the property for the remainder of the life of the donor (or for the lives of the donor and the donor's spouse or partner) or until such time as the donor or the donor's spouse or partner may elect to relinquish or terminate the retained life interest. Responsibility for maintenance, taxes and insurance on the property remains with the donor. Butler University will accept gifts of real property subject to a retained life estate if the fair market value of the remainder interest in the property at the time the gift is made is a minimum of \$100,000. The University will not accept time-sharing arrangements with a retained interest but may accept vacation properties. The decision of whether



to accept a remainder interest shall be made on a case-by-case basis by the Gift Policy Committee.

**B) Life Insurance.** The Gift Policy Committee must approve any gifts of life insurance. There are three ways in which life insurance can be utilized as a charitable gift to the University. Those are by the donor (a) transferring an existing policy to University as owner/beneficiary (in whole or part), (b) purchasing a new policy with the University as owner and beneficiary (in such instance, care must be taken to make certain the University has an insurable interest under applicable state law), and (c) retaining ownership of a policy and designating the University as a beneficiary or contingent beneficiary of the policy.

- 1. Whole Life Policies:** Partially paid-up or fully paid-up policies will be accepted. If not fully paid-up, the premium payments to maintain a whole life policy must be provided by cash donations by the donor to the University, which in turn will make the premium payments to the insurance company. The donor must make a written pledge to make regular gifts to cover the premium payments, to be paid with cash or marketable securities. In the event a donor wishes to gift a life insurance policy, but is unable or unwilling to make charitable contributions to pay the annual premiums, the Gift Policy Committee may decide accept the gift if the life insurance policy has sufficient cash value and/or pays dividends sufficient to cover annual premiums, or may accept the gift with the donor's knowledge that the insurance will be cashed in immediately. There should be no loans, collateral pledges, or other encumbrances on the policy at the time of gift.
- 2.** The University will not accept Term, Universal Life, or Variable Life policies due to their transitory nature. However, a donor may name Butler University as a beneficiary of a Term life policy.
- 3.** The University reserves the right to surrender any life insurance policy owned by it prior to the death of the insured without notice to the insured.
- 4.** If ultimate gift payout is intended to establish a new endowment, the policy must have a face value that meets minimum funding standards for endowments as established by the Board of Trustees.

**C) Bequests.** A bequest is a gift made upon the death of a donor to the University in a donor's Last Will and Testament or other legally binding testamentary document. Gifts made via a bequest may be outright or contingent, unrestricted or restricted, and may include any item or thing of value. Bequest intentions will be recorded by University Advancement after formal documentation has been received, including a Fairview Heritage Society form and a copy of the respective page or portion of planned instrument that contains the terms of the gift. There are generally no restrictions on the type of property accepted through a bequest. However, gifts that may present undue liability for the University are subject to further consideration by the Gift Policy Committee prior to acceptance. It is in everyone's best interest for Gift Planning to review the language affecting the bequest prior to the donor's death to determine the University's ability to accept the commitment. For highly complex estate plans, additional legal documentation

may be created upon recommendation from the Gift Policy Committee.

#### **D) Qualified Plan and Deferred Compensation Benefits (Retirement Accounts)**

A charitable Individual Retirement Account (IRA) rollover, or qualified charitable distribution (QCD), has in recent years been permitted by amendments to the Internal Revenue Code allowing certain donors (those over 70 1/2) to exclude from taxable income, and count toward their required minimum distribution (RMD), certain transfers of IRA assets that are made directly to public charities. The law governing the taxation of such distributions in this area has been extended from year to year in the recent past but may not permit such a tax-free rollover at the time of the proposed gift.

QCD gifts cannot be used to receive Athletic priority points, membership dues, or other benefits. While an IRA charitable rollover gift can be made to Athletics, the IRS does not permit the donor to receive any priority points or other privileges, such as priority for season tickets, in exchange for the gift. Death benefits by virtue of Retirement Plan Beneficiary Designations (401(k), IRA, qualified pension plans, profit-sharing plans, etc.):

1. It is possible for the University to be designated as a beneficiary of death benefits from a retirement account without being notified by the donor.
2. When donors have made the University a primary beneficiary of an existing retirement plan, commercial annuity, or non-qualified investment account, the following written confirmation of the beneficiary designation is required to document the gift:

A copy of the beneficiary statement or change of beneficiary form specifying the University as a primary beneficiary and a completed Fairview Heritage Society form.

### **III. UNRESTRICTED GIFT ALLOCATION**

- A)** The allocation of unrestricted gifts of \$500,000 or more will be presented by the President to the Board of Trustees for a full board vote (may be done electronically).
- B)** The Vice President for University Advancement will make a recommendation for Presidential approval for allocating unrestricted gifts between \$100,000 and \$499,999.
- C)** Unrestricted gifts under \$100,000 will be allocated as appropriate by the Vice President of University Advancement.
- D)** The allocation of all unrestricted gifts of \$250,000 or more received during a fiscal year will also be reported to the Board through the ISER Committee annually at the June Board meeting.

### **IV. GIFT RECORDING AND RECEIPTING**

- A) It shall be the responsibility of the Office of Advancement Services to officially receipt all gifts, including cash, securities, real estate, and other gifts-in-kind. Therefore, all philanthropic commitments to the university must be processed by and credited to the donor through the University Advancement gift processing and data management system. Gifts received must be forwarded to Advancement Services at the earliest possible opportunity accompanied by all original correspondence pertaining to the gifts.
- B) Donors must receive the written record of their gift in a timely manner to receive a charitable deduction for their gift as required by Form 8283, tax Form 1040 and others, and detailed by IRS Publication 526. Receipts are prepared and mailed within five (5) business days of the receipt of the gift. No other university department/unit should issue a gift receipt.
- C) The date of any gift may be defined as that date on which the donor irrevocably relinquishes control of the property to the University. Determining that date may be based on relevant evidence provided with the gift.
- D) All charitable funds given to the University shall be deposited in university-owned bank accounts within 48 hours. Any funds not deposited on the day of receipt shall be placed in the University Advancement safe.

## V. ALUMNI RECORD MAINTENANCE

It shall be the responsibility of Advancement Services to establish and maintain files for the purpose of providing timely and relevant information about alumni and friends. Biographical and financial records shall be maintained on a computer database and shall be treated as confidential information and may only be released or accessed upon written approval by the Office of University Advancement. Under no circumstances shall data be released for commercial or personal gain.

All parties with access to the database and biographical and/or financial information must sign a confidentiality and non-disclosure agreement.

## VI. GIFT SOLICITATIONS & CONFLICT OF INTEREST

To maximize the effectiveness and efficiency of the services provided by the Office of University Advancement, fundraising for the benefit of Butler University must be approved, coordinated, and directed through University Advancement prior to donor solicitation.

### A) Coordination of Appeals

University Advancement has the responsibility for coordinating all types of fundraising appeals and programs in order to avoid complications caused by multiple solicitations. Any department wishing to undertake a fundraising project of any type from any constituency (alumni, friends, foundations, businesses, students, etc.) should make their request to the Office of University Advancement.

## **B) Publicity for Gifts**

The Donors agree that the University may publicize the gifts made in accordance with its standard recognition practices. In special situations, the University may choose to issue a press release or publicize the donation outside the Butler constituency. In these situations, the Donor will be made aware of any increased publicity.

## **C) Finder's Fees or Commissions**

The University does not pay fees to any person in consideration for directing a gift to the University.

## **D) Professional Fees**

All professional fees in conjunction with a gift to the University will generally be paid by the donor, unless the Vice President for University Advancement authorizes the payment, in writing, in advance. If so authorized, the following guidelines shall be followed:

1. Payment of professional fees should be limited to situations in which the University will reap significant benefit from the gift, and the donor believes it is proper for the University to bear all or part of the attending fees for completion of the gift.
2. Any such fees paid shall be reasonable and directly related to the completion of a gift, and are limited to:
  - appraisal fees by persons who are competent and qualified to appraise the property involved and who have no conflict of interest,
  - legal fees for preparation of documents,
  - accounting fees related to the transaction, and
  - fees for "fee-for-service" financial planners.
3. In the case of financial planners, such persons must attest in writing that they are compensated only for services rendered and not for the sale of products to clients. This distinction is vital to avoid payment of commissions that could be construed as triggering the application of securities regulations.

## **E) Conflict of Interest**

1. Butler is grateful for gifts from members of its faculty and staff. The University recognizes that employees may wish to make gifts in support of programs they oversee or are responsible for administering. Due to IRS regulations, for a gift to qualify for a charitable deduction, the donor may not personally benefit from and control these gifts. Therefore, faculty and staff who make a gift to such a program may not authorize use of those gifts for personal benefits or uses such as support for:
  - The donor's salary;
  - Consumer goods to be used by the donor;
  - The donor's research or other professional activities;
  - Personal travel by the donor; or
  - To provide scholarship or fellowship assistance to the donor, or to a close relative.

2. The University will assure itself that its personnel are circumspect in all dealings with donors to avoid even the appearance of impropriety, including acts of self-dealing. The University will consider any transfer in which an employee has a material financial interest an act of self-dealing, which is prohibited.
3. In reviewing self-dealing transactions, the University shall consider a financial interest to be “material” to an employee if it is sufficient to create an appearance of conflict. This is a factual determination to be made on a case-by-case basis. “Self-dealing” includes, but is not limited to, the following: accepting commission, contract fees or payment from a donor. Those individuals who normally solicit gifts on behalf of the University shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of the University.
4. Purchase, sale, exchange, or leasing of property by University personnel from a donor will be subject to review and approval by the University.
5. University personnel are prohibited from borrowing funds or entering into any form of credit extension with a donor.
6. From time to time, donors may offer nominal gifts to employees in recognition of their friendship and stewardship of their charitable gifts. Employees may accept these gifts only if the value of such gifts does not exceed \$75, and only if such gifts do not create the appearance of conflict of interest. Such situations must be discussed with the employee’s direct supervisor.

## **VII. GIFT AND FUND MANAGEMENT**

### **A) Endowed Fund Management**

1. When a donor establishes a new endowed fund at Butler University, the University acknowledges that the Donor intends that the original gift amount will exist in perpetuity with the income and appreciation being used to support the purposes of the gift. In accordance with the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Board of Trustees has established a spending policy that provides for the distribution of income and appreciation from investment activity and a portion of the original gift amount if necessary and prudent after taking into account the factors set forth in UPMIFA IC 30-2-12-9. This policy is consistent with the University’s investment philosophy to maintain the purchasing power of the original gift so that the endowment may keep pace with inflation.
2. Assets of endowed funds may be commingled with assets of similar funds for investment purposes so long as each individual fund is accounted for separately.
3. The amount of income available each year to carry out the purpose of each fund shall be determined by the amount of distributable income available per the University’s investment and spending policies determined by the Board of Trustees.
4. If the established minimum to endow a fund, as outlined in the Naming Policies, has not been reached within the terms established in the gift agreement, the University may utilize said Fund at its sole discretion, keeping in mind the principal purpose of the Donor expressed in the original gift agreement.

5. University Advancement will regularly undertake internal audits of all endowed funds to ensure donor intent is being followed.

## **B) Fund Consolidation**

1. In the event that the original purposes of an established fund can no longer be fulfilled, the University, in consultation with the Donor when possible, shall modify the gift agreement to the extent necessary to enable the gift to be used in a manner which coincides with the Donor's original intent as closely as possible, and which is consistent with the internal operating policies of the University.
2. For current use accounts, when the balance of a fund falls below 5% of the original total gift commitment, and no additional gifts have been made to the fund for at least five years, the University may transfer the remaining balance of the fund to another account, keeping in mind the original intention of the gift.
3. For endowed fund accounts, should the endowed principal balance remain below the established endowed minimum threshold for five or more years with no additional contributions, then the University may modify or consolidate the fund for the University's benefit, keeping in mind the donor's original intent.

## **C) Fiduciary responsibility**

As arbiters of fund management and donor intent compliance, the Office of Advancement shall be given full and free access to all philanthropic fund account balances, transactions, etc. The Business Office of the University shall cooperate fully in providing access to University accounting systems and will be responsible for providing pertinent updates to financial data handling processes to the Office of Advancement.

## **D) Multi-Donor Funds**

Instances when a group of donors decides to coordinate efforts to raise gifts for the establishment of a new fund (sometimes known as "consortium fundraising") must have prior approval by the Vice President of University Advancement. Such efforts require a list of prospects and solicitation plan from the frontline officer, including a lead donor to serve as University contact and gift agreement signee, and committing to contribute at least 50% of the fund minimum, payable over 5 years.

These do not apply to accounts/gift funds internally created by the University to serve existing departments, programs, or initiatives.

## **E) Tribute Gifts**

Butler University will accept donor gifts made in remembrance of deceased family members, friends or loved ones (memorial gifts) as well as those gifts made in honor of living individuals (honorary gifts). All undesignated honor and memorial gifts will be applied to the Butler Fund, in honor/memory of the individual.

Should sufficient funds exist, either through the accumulation of numerous smaller contributions or the receipt of several larger gifts, the donor, a development officer or a campus administrator may request that a permanent fund be established in memory/honor of the specified individual(s). Named endowed funds start at \$50,000 and

such requests should be handled via the Office of Donor Relations. Notice of intention to create an endowed fund should be provided to the Advancement Services team as soon as possible so that donations may be tracked accordingly.

Memorial gifts and gifts in honor of others are acknowledged to the donor when applicable, and a list of donors (but not gift amounts) is provided to interested parties by University Advancement.