

The background features a large, light blue watermark of the University of California seal. The seal is circular with a dotted border. Inside, it depicts a book, a sun, and a banner with the motto "LET THERE BE LIGHT". The year "1868" is at the bottom. The words "UNIVERSITY OF CALIFORNIA" are written around the inner edge of the seal.

DEVELOPMENT REFERENCE GUIDE

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GLOSSARY OF ABBREVIATIONS

REGENTS: The Regents of the University of California is the corporate entity entrusted with the University's organization and administration by the enabling legislation under Article IX of the California Constitution.

CAMPUS FOUNDATIONS: Campus foundations, originally established at the Los Angeles campus in 1945 and the Berkeley campus in 1948 as alumni foundations to secure private support for student aid, are independently incorporated as nonprofit, public benefit corporations, and each is qualified as a Section 501(c)(3) organization. They serve as the fundraising arm for their respective campus. The strength of the foundations rests with the direction provided by their community-based volunteer trustees. Each foundation is staffed by University personnel.

<u>ABBREVIATION</u>	<u>DESCRIPTION</u>
CAE	Council for Aid to Education
CASE	Council for Advancement and Support of Education
CEQA	California Environmental Quality Act of 1970
DRG	Development Reference Guide
EIQ	Environmental Impact Classification
EIR	Environmental Impact Report
ERS	Endowment Record Sheet
FASB	Financial Accounting Standards Board
FFE	Fund Functioning as an Endowment
FMV	Fair Market Value
GASB	Governmental Accounting Standards Board
GEP	Regents General Endowment Pool
GFEP	Campus Foundation Endowment Pool
IA or IAOP	Institutional Advancement, Office of the President
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ITRV	Interpolated Terminal Reserve Value
NACUBO	National Association of College and University Business Officers
OGC	UC Office of the General Counsel
PPG	Project Planning Guide
RESG	Real Estate Services Group
STIP	Short Term Investment Pool
UCARS	UC Advancement Reporting System

ABBREVIATION

DESCRIPTION

UCOP	UC Office of the President
UDEV 100	UC Gift/Private Grant Acceptance Report
UMIFA	Uniform Management of Institutional Funds Act
UPMIFA	Uniform Prudent Management of Institutional Funds Act



I. SOLICITING AND ACCEPTING PRIVATE FUNDS
A. OVERVIEW

OVERVIEW

Chapter I is intended to gather together in one place answers to the questions that are asked most frequently about raising funds for the University of California. These are many of the questions that must be settled "up front" before or as funds are being actively solicited. You may also wish to refer in particular to Chapter II (Gift Administration Procedures).

Section B addresses the basic issues of soliciting, accepting, and acknowledging individual gifts. The focus here is primarily upon UC policy, although some material about legal issues is presented as well (*e.g.*, Section I. B. 5., Quid Pro Quo Gifts).

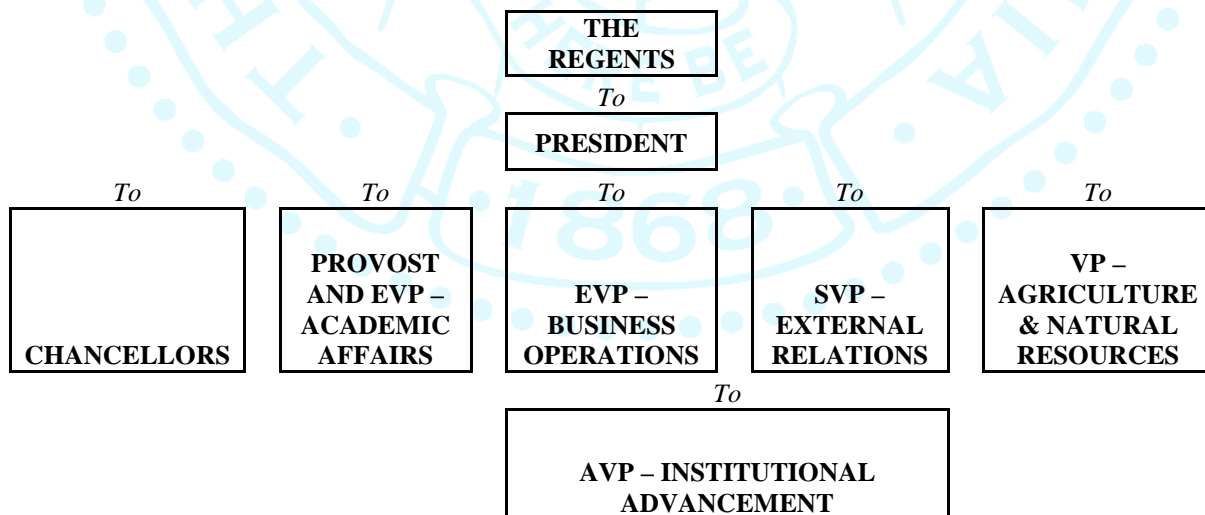
Section C provides information about UC policies pertaining to organized fundraising campaigns (*i.e.*, organized efforts, other than solicitations for memorial funds or Annual Fund drives, to solicit gifts from multiple private sources).

Section D provides information about naming guidelines for university properties, programs, and facilities.

Section E presents information in one place that pertains to gifts involving University employees, including fundraising campaigns directed at employees.

Section F provides information on informing donors of any fees and/or other charges on gifts.

Throughout this manual, the basic philosophy of the delegation of development authority is patterned on the following chart:





I. SOLICITING AND ACCEPTING PRIVATE FUNDS

B. SOLICITING, ACCEPTING, AND ACKNOWLEDGING GIFTS

1. Who Has Authority to Solicit and Accept Gifts

WHO HAS AUTHORITY TO SOLICIT AND ACCEPT GIFTS?

Nothing in this section is intended to dissuade discussions with donors or potential donors. However, such discussions should not commit the University without Regental or Presidential approval, if such is required.

Presidential and Delegated Authority. The President may solicit and accept all gifts that do not require Regental authorization (see below), and this authority has been delegated up to and including \$5 million, subject to the exceptions noted below, to the Chancellors, the Provost, the Executive Vice President—UC Health, the Vice President--Agriculture and Natural Resources, and to the Director, Lawrence Berkeley National Laboratory within their respective jurisdictions.

The Chancellors, the Provost, the Executive Vice President—UC Health, the Vice President--Agriculture and Natural Resources, and the Director, Lawrence Berkeley National Laboratory may redelegate this authority up to \$1 million, at their discretion. Any redelegation must be in writing, with copies to the Assistant Vice President—Institutional Advancement and to the General Counsel and Vice President for Legal Affairs..

Conditions of President’s Delegation. Exercise of this authority is subject to the following conditions:

1. Whenever there is any ambiguity in the terms of a gift proposal or other question as to its legal effect, the matter shall be referred to the General Counsel and Vice President for Legal Affairs for interpretation and advice. If there is any doubt whether gift terms comply with the Policies of the University, including those set forth in the Development Reference Guide. The questions shall be referred to the Assistant Vice President for Institutional Advancement for interpretation and advice prior to acceptance.
2. Gifts to The Regents shall be accepted, administered, documented, and reported in accordance with established University policies, guidelines, and procedures.
3. Gifts to Campus Foundations shall be accepted, administered, documented, and reported in accordance with the September 15, 1995 (last amended September 22, 2005) 5203: Policy on Support Groups, Campus Foundations, and Alumni Associations and the February 12, 2004 Administrative Guidelines for Campus Foundations.
4. Gifts to University Support Groups shall be accepted, administered, documented and reported in accordance with the September 15, 1995 (last amended September 22, 2005) Policy on Support Groups, Campus Foundations, and Alumni Associations and the February 12, 2004 Administrative Guidelines for Support Groups.

5. Gifts to The Regents or to any unit thereof shall be accepted in the name and become the property of The Regents of the University of California.
6. Gifts of \$1 million and more to The Regents, the Campus Foundations, and the University Support Groups shall be reported quarterly to the President by the Chancellor.
7. Capital improvement projects included in the gift are subject to approval of the site and design of the projects after completion of the environmental impact review process in accordance with the California Environmental Quality Act.

Regental Authorization. Regental approval is required to solicit or accept any gift (including pledges but excluding bequests) that involves:

- Exceptions to approved University programs and policies;
- Obligations on the part of the University to expenditures or costs for which there is no established fund source;
- Construction of facilities not previously approved.

An interest in real property for campus-related purposes may require approval by the President or The Regents. See a more complete discussion on gifts of real property in Section II.D.2.

For the purposes of this delegation, the dollar amount of a gift shall be the amount of cash actually received or, if in the form of a pledge, the full amount pledged; or shall be equivalent to the fair market value of securities or other property.

The above requirements apply even if the gift is received as part of a previously approved fundraising campaign.

Reference: Presidential Delegation of Authority–To Solicit and Accept Gifts, May 4, 2015
<http://policy.ucop.edu/files/da/da2588.pdf>.

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

B. SOLICITING, ACCEPTING, AND ACKNOWLEDGING GIFTS

2. Accepting, Acknowledging, and Documenting the Receipt of Gifts

ACCEPTING, ACKNOWLEDGING, AND DOCUMENTING THE RECEIPT OF GIFTS

Accepting Gifts. When a gift is given to the University, it is not considered legally consummated until the University agrees to the conditions and notifies the donor of acceptance of the gift. If a gift or bequest is received without disclaimer by the University, the University assumes the legal obligation to administer the gift or bequest in a manner consistent with the terms specified by the donor. This obligation arises under an area of the law known as the law of charitable trusts, and is subject to enforcement on behalf of the public by the Attorney General of California.

Certain gifts may be accepted only by The Regents (*see* Section I. B. 1., Who Has Authority to Solicit and Accept Gifts?).

The notification to the donor should indicate the date of receipt of the gift and the amount (if cash) or a description of the gift sufficient to link it to the donor's records (*e.g.*, check for \$1,000; 100 shares of Apple Inc.; autographed manuscript of D.H. Lawrence's *Sons and Lovers*). It may be either in the form of a letter or in the form of a receipt from a person who has been delegated the authority to accept gifts on behalf of the University.

Acknowledging Gifts. An acknowledgment provides timely confirmation to a donor that a gift has been received, and may or may not also constitute acceptance of a gift. If an acknowledgment letter is signed by a person authorized to accept gifts on behalf of the University, and includes a description of the gift and the date of receipt, it constitutes legal acceptance of the gift (*see* above). Letters of acknowledgment from persons other than those with delegated acceptance authority do not constitute legally recognized acceptance and should not state or imply that a gift has been accepted.

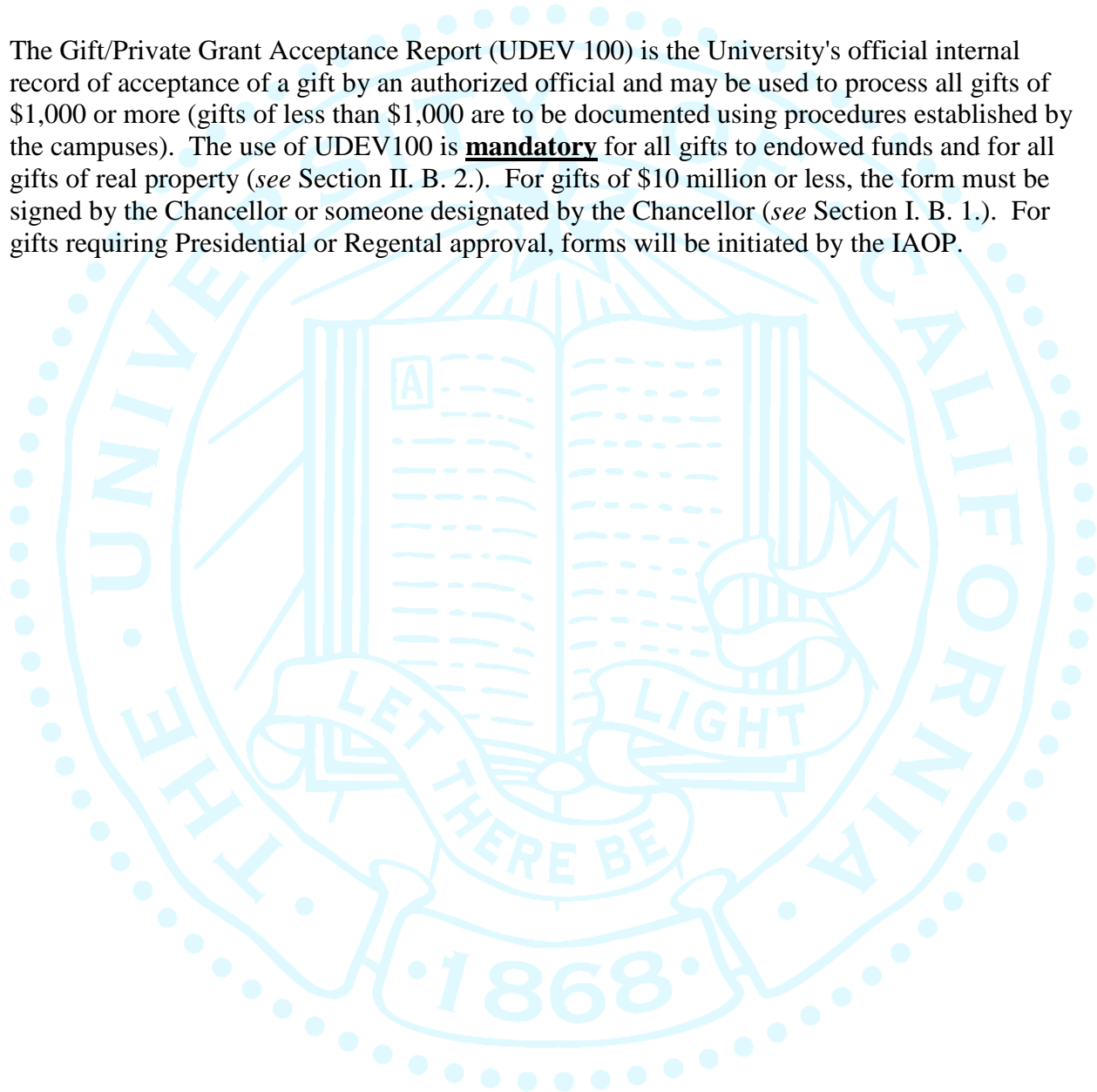
In the case of gifts other than cash, care should be exercised so that the acknowledgment and/or acceptance letters do not indicate a value for the gift that could be construed in any way as an endorsement of its value for tax purposes. (For information on acknowledging gifts of securities, *see* Section IV. D. 1.; for information on acknowledging bequests, *see* Section II. D. 1.; for information on quid-pro-quo gifts *see* Section I.B.5).

Chancellors are responsible for establishing appropriate acceptance and acknowledgment procedures for their campuses. If acknowledgment by the President is also desired, a draft letter should be forwarded to the Director--Development Policy, IAOP.

Documenting Receipt of the Gift. In order to protect the tax-deductibility of a donor's gift for a given year, it is important that the University be able to provide concrete evidence that the donor relinquished possession of the gift before the end of the year. Therefore, it is especially

important during the last few days of the year that all gift mail be date-stamped when received. For a gift received after December 31 that was mailed before that date, it is important to retain the envelope bearing the postal cancellation date. It is not necessary that the gift be deposited or accepted by December 31. If the donor has taken all steps necessary to irrevocably tender the gift, then upon acceptance by the University, the date of the gift is deemed for tax purposes to be the date of tender.

The Gift/Private Grant Acceptance Report (UDEV 100) is the University's official internal record of acceptance of a gift by an authorized official and may be used to process all gifts of \$1,000 or more (gifts of less than \$1,000 are to be documented using procedures established by the campuses). The use of UDEV100 is **mandatory** for all gifts to endowed funds and for all gifts of real property (*see* Section II. B. 2.). For gifts of \$10 million or less, the form must be signed by the Chancellor or someone designated by the Chancellor (*see* Section I. B. 1.). For gifts requiring Presidential or Regental approval, forms will be initiated by the IAOP.



I. SOLICITING AND ACCEPTING PRIVATE FUNDS

B. SOLICITING, ACCEPTING, AND ACKNOWLEDGING GIFTS

3. Does the University Accept Restricted Gifts for Financial Aid?

DOES THE UNIVERSITY ACCEPT RESTRICTED GIFTS FOR FINANCIAL AID?

On March 18, 1977, The Regents approved the following:

It is the policy of the University of California to administer its financial aid funds in such a manner that no student will be denied the benefits of student aid on the basis of race, color, national origin, religion, or sex.

On November 6, 1996, the voters of California passed Proposition 209 which was incorporated into the California Constitution as Article 1, Section 31 and became effective on August 28, 1997. In a letter dated November 1, 2001 from President Richard C. Atkinson it was stated:

III. Solicitation, Acceptance, and Administration of Preferential Financial Aid Gifts Accepted before August 28, 1997.

University policy has not changed with regard to administration of preferential financial aid as required by the terms of gifts accepted before August 28, 1997, the effective date of Proposition 209; the University may continue to make all such awards according to the terms agreed upon at the time of their acceptance. New funds may not be solicited or accepted to augment any previously accepted gifts administered pursuant to this guideline.

IV. Solicitation or Acceptance of Preferential Financial Aid Gifts On or After August 28, 1997.

On or after August 28, 1997, the effective date of Proposition 209, the University shall not solicit or accept preferential financial aid gifts.

References: University Policy on the Administration of Restrictive Financial Aid Funds, dated March 17, 1977
Letter from Assistant Vice President Leo Geier, dated May 3, 1977, on Acceptance of Gifts for Restrictive Financial Aid
Letter from President Richard C. Atkinson, dated November 1, 2001, on Financial Aid Guidelines for Compliance with Proposition 209

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

B. SOLICITING, ACCEPTING, AND ACKNOWLEDGING GIFTS

4. Accepting Gifts for the Benefit of Specific Individuals

ACCEPTING GIFTS FOR THE BENEFIT OF SPECIFIC INDIVIDUALS

A gift that is made with the condition that the proceeds will be spent by the University for the personal benefit of a named individual or individuals is generally not deductible as a charitable contribution. This rule does not apply, however, to deferred gifts satisfying Internal Revenue Code requirements for tax deductibility, such as charitable lead trusts, charitable remainder trusts, remainder interests in a personal residence or farm, and pooled income funds, where donors retain a life interest. The key issue is whether the donor's intent is to make a gift for the ultimate benefit of the general public.

So long as the conditions of a gift are not an obvious attempt to channel the proceeds to certain individuals, the donor may impose conditions that limit the recipients of the gift and still receive a charitable deduction. For example, absent any Proposition 209 issues, a gift "to provide scholarships for students from Alpine County" would be deductible; a deduction for a gift "to provide scholarships for all premedical students from Alpine County enrolling at the University in the fall of 2011 whose last names begin with the letter "Q" would be disallowed if it appeared to the Internal Revenue Service (IRS) that the peculiar restrictions on the gift were imposed so that only certain individuals could qualify.

Gifts that are made for research projects, even when carried out by named individuals (e.g., "cancer research under the direction of Dr. Smith"), would normally be tax deductible, since the ultimate beneficiary is the general public. However, gifts that are made "for research by Dr. Smith in his absolute discretion" are a borderline case; a shadow is cast on the deductibility of the gift, since the IRS might find that giving uncontrolled discretion to a named individual would empower that individual to divert the grant to purposes deemed by the IRS to be personal.

A gift "to be used by Dr. Jones to defray travel expenses of her family during her sabbatical leave" would not be deductible since it is a gift for the personal expenses of the doctor, not for the benefit of the general public.

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

B. SOLICITING, ACCEPTING, AND ACKNOWLEDGING GIFTS

5. *Quid Pro Quo* Gifts

QUID PRO QUO GIFTS

A quid pro quo gift is a gift for which a donor receives something in return (*e.g.*, in exchange for a donation, the donor receives a ticket for admission to a concert). The circumstances under which such donations are tax-deductible charitable contributions vary; the basic principle is that the payment, or a portion of the payment, is tax deductible only if the donor intended to make a gift and contributed more than the value received in return.

Information is provided here that may be useful in determining whether a quid pro quo gift is tax-deductible; if there is any doubt about the tax-deductibility of a specific quid pro quo gift, IAOP, will assist in making a determination. In addition, the IRS (<http://www.irs.gov/charities>) has more information on the subject on its website.

The Theory: What is the Donor's Intent? One of the criteria used by the IRS in determining whether a quid pro quo gift constitutes a tax-deductible charitable contribution is the principle of "detached and disinterested generosity": the donor's primary intent must be to make a gift, not to receive a benefit. If a donor receives something in return for a gift, it may cast doubt upon the donor's charitable intentions.

As an extension of this principle, the IRS focuses on the FMV of the item or privilege that the donor receives in exchange for a gift. The cost of the item to the charity is not an issue in determining the tax-deductibility of the contribution. For example, if a benefit concert is performed for which all goods and services were donated, and the ticket price is equal to the "going rate" for such functions, a donor would not be allowed a tax deduction for the cost of the ticket, despite the fact that presenting the concert cost the charity nothing. If the fair market value is greater than or equal to the amount of the gift, the IRS holds that the transaction is a purchase, not a gift.

Partial Deductibility. There are cases in which gifts may be partially tax-deductible. For example, if donors receive an item as a gratuity that is otherwise available for purchase, and the amount of the gift exceeds the fair market value of the item, that portion of the payment in excess of the FMV will usually constitute a tax-deductible gift (*e.g.*, in exchange for a gift of \$150, donors receive a book that sells in the campus bookstore for \$50; \$100 of their gift would be tax-deductible). In showing that a gift has been made, an essential element is proof that the portion of the payment claimed as a gift represents the excess paid over the value of the item received.

If, however, a donor declines the item that is offered in return for the gift (*e.g.*, the donor refuses the book), the full amount of the donation would likely be tax-deductible.

The 1988 Technical and Miscellaneous Revenue Act further defined another area of partial deductibility – donations securing eligibility to purchase athletic tickets. The Act provides that, when a donor makes a contribution that would be deductible except that the donor receives in return the right to purchase tickets for athletic events in University facilities, only 80% of the contribution is deductible. This regulation applies whether or not the tickets would have been available to the donor without the contribution. As under current law, no amount paid for athletic tickets is deductible. The new regulations are unclear regarding the tax implications if a donor received from the institution a gift of tickets or seats, rather than the right to purchase them. When clarification is available, this chapter will be updated.

Raffles. Raffles and lotteries, while prohibited to the University, may be held by the campus foundations. The IRS holds that amounts paid for chances to participate in raffles, lotteries, or similar drawings, or to participate in puzzle or other contests for valuable prizes, are not gifts and therefore not tax deductible.

Caution must be exercised in any drawing involving prizes so that it does not fall within the definition of a lottery prohibited under Section 319 of the California Penal Code, as follows:

. . . any scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining such property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known.

In other words, if (1) a prize is given by a method involving (2) chance for a (3) consideration paid by the participant, the award of that prize would be considered an unlawful lottery.

If, however, prize tickets used in a raffle are available free upon request to the public, the element of consideration would be lacking and the distribution of prizes would not then constitute a lottery. The fact that a purchase is not necessary would have to be printed on all promotional materials and on the tickets themselves.

A Case of Special Interest to UC: Memberships. Basic membership fees paid to support groups may or may not be deductible for income tax purposes. The question of deductibility hinges upon the value of the benefits derived (or potentially derivable) from the membership or subscription.

Several considerations come into play. Do members receive an item or privilege that is not available to the general public? The IRS holds that if the benefit is "reasonably commensurate" with the amount of the membership payment, then the donor has received a *quid pro quo* and the membership is not tax deductible. In applying this principle, the IRS has found that rights and privileges that are only incidental to making the organization function (*e.g.*, receiving a newsletter; voting rights) or that are not of "substantial benefit" (*e.g.*, the privilege of being known as a benefactor) do not affect the tax deductibility of the contribution.

When a support group has several classes of membership, payments in excess of the basic membership rate may constitute tax-deductible gifts to the organization. For example, if a \$250 member receives the identical items and privileges as one who pays the basic membership fee, the excess amount would be a tax-deductible contribution. If, however, the member receives additional items or benefits for the larger payment, a determination of the tax deductibility of the additional payment would have to be made using the same criteria that apply to all quid pro quo gifts.

Soliciting and Acknowledging Quid Pro Quo Gifts. The California Business and Professions Code Section 17510.3 requires that donors be furnished at the point-of-solicitation with information about the percentage of the total gift or purchase price that maybe deducted as a charitable contribution under both federal and State law, although it is silent on the matter of acknowledgments.

Although the IRS ultimately places the burden of proof on the donor to establish that a payment was a charitable contribution, it holds that charities can greatly assist their donors by making explicit in both solicitations and acknowledgments the demarcation between gift and payment, and it has been the position of the IRS that the gift receipting practices of charitable institutions should not mislead donors into believing the full value of charitable payments is tax deductible. Rather,

. . . the amount properly attributable to the purchase of admissions or other privileges and the amount solicited as a gift should be determined in advance of the solicitation. The respective amounts should be stated in making the solicitation and clearly indicated on any ticket, receipt, or other evidence issued in connection with the payment. [Revenue Ruling 67-246]

The IRS requires that a charitable organization must provide a written disclosure statement to donors of a quid pro quo contribution in excess of \$75. A penalty is imposed on a charity that does not make the required disclosure in connection with a quid pro quo contribution of more than \$75. The penalty is \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity can avoid the penalty if it can show that the failure was due to reasonable cause.

It should be noted that the IRS does not consider itself bound by the charity's estimate of the value of an item or privilege, and to this extent the charity is not being helpful to its donors if it underestimates this amount.

References: Internal Revenue Service Bulletin No. 1997-5 dated February 3, 1997
IRS Technical Information Release No. 747, June 30, 1965
IRS Revenue Ruling 67-246; IRS Revenue Ruling 68-432
IRS Revenue Ruling 75-66; IRS Revenue Ruling 84-132
IRS Revenue Ruling 86-63; IRS Publication 1391
Internal Revenue Code Sections 6115 and 6714 and the Treasury Regulations thereunder
California Business and Professions Code Section 17510.3



I. SOLICITING AND ACCEPTING PRIVATE FUNDS

C. FUNDRAISING CAMPAIGNS

1. Who Has Authority To Approve And Conduct Fundraising Campaigns?

WHO HAS AUTHORITY TO APPROVE AND CONDUCT FUNDRAISING CAMPAIGNS?

Fundraising campaigns are defined as organized efforts to solicit gifts and grants for any University purpose from multiple private sources such as individuals, corporations, groups, or foundations. The Regental Policy on Fundraising Campaigns and the Presidential Delegation of Authority to Approve and Conduct Fundraising Campaigns, the conditions of which are described below, apply to all forms of fundraising campaigns, whether conducted by the University, Campus Foundations, Support Groups, or individuals or organizations outside the University. Announcements and solicitations of memorial gifts (*see* Section II. B. 5.) and Annual Fund drives are not considered fundraising campaigns.

Presidential and Delegated Authority. Pursuant to the Regents Policy on Fundraising Campaigns approved on March 20, 2014, and subject to the conditions noted below, the President has authority to approve all campaigns, including the initial phases of campaigns, with goals of \$250,000,000 or more. The President will submit for endorsement by the Regents Committee on Educational Policy any proposal for the public phase of a fundraising campaign with a goal of \$250,000,000 or more.

On May 4, 2015 authority was delegated to the Chancellors, the Provost, and the Vice President--Agriculture and Natural Resources for campaigns within their jurisdictions with goals of less than \$250,000,000. This authority may not be redelegated.

Conditions of President's Authority and its Delegation. Exercise of the authority to approve and conduct fundraising campaigns is subject to the following conditions:

1. All fundraising activities shall conform with established University programs and policies, including The Regents Policy on Fundraising Campaigns.
2. Campaigns shall be financed from funds under the Chancellors' and Vice Presidents' authority that are available for such purposes; such funds may include campaign proceeds.
3. Campaigns for support of capital-improvement projects shall be approved only if the project has been approved for inclusion in the Capital Improvement Program.
4. Capital improvement projects included in such campaigns are subject to subsequent approval of the site and design of the projects after completion of the environmental impact review process in accordance with the California Environmental Quality Act.

5. Records shall be maintained in accordance with established procedures and reports submitted to the President annually for all campaigns in progress.
6. Gifts and grants received as a result of fundraising campaigns shall be accepted in accordance with the President's Delegation of Authority—To Solicit and Accept Gifts, addressed to the Chancellors, Provost, Executive Vice President-UC Health, Vice President--Agriculture and Natural Resources, and Director, Lawrence Berkeley National Laboratory.

For information on preparing Regents' Items *see* Section VI.D.2.

References: Regental Policy on Fundraising Campaigns, March 20, 2014
<http://regents.universityofcalifornia.edu/governance/policies/5201.html>)
Presidential Delegation of Authority—To Approve and Conduct Fundraising
Campaigns, May 4, 2015 <http://policy.ucop.edu/files/da/da2589.pdf>

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

C. FUNDRAISING CAMPAIGNS

2. Environmental Impact on Procedures and Fundraising Campaigns

ENVIRONMENTAL IMPACT PROCEDURES AND FUNDRAISING CAMPAIGNS

CEQA requires the University to complete the appropriate environmental review process before it makes a commitment to proceed with a project. Under CEQA Guidelines, "project" means "the whole of an action which has a potential for resulting in a physical change in the environment, directly or ultimately." For the University, typical projects that could have a significant effect on the environment include capital construction projects, long-range development plans, leases, acquisition of property, and substantial changes in the use of existing facilities.

Approval of a fundraising campaign permits the University to accept gifts that are irrevocable, both from the donor's point of view and as a matter of charitable trust law. Because a court might reasonably hold that conducting a fundraising campaign constitutes a commitment to proceed with a project, in general, fundraising campaign authorization for a particular project should not be sought before completion of the environmental impact review process. Besides risking CEQA violations, the University also places itself in the position of soliciting gifts for a project that may be subsequently canceled or so greatly modified that it no longer corresponds with the representation made to the donors which could raise charitable trust law issues.

The UC CEQA Handbook governs the University's compliance. Under these procedures a project must be classified as to its expected environmental impact, using an EIC form. An EIC form should be prepared when a project is first proposed to the Office of the President if the project requires Office of the President action. If the project does not require Office of the President concurrence, an EIC form must be prepared before the project is approved at the campus level. For capital projects, the EIC form is included in the PPG.

The EIC form contains four basic classifications:

1. Exempt from the California Environmental Quality Act. If it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.
2. Categorically Exempt. If the project is included within a list of classes, established in the State Guidelines, that have been determined to have no significant effect on the environment.
3. Initial Study. If the project is not exempt from CEQA or Categorically Exempt and may have a significant effect on the environment.
4. Environmental Impact Report. If the project may, is likely to, or clearly will have a significant effect on the environment.

If the President, in consultation with the OGC, concurs with the campus that a project is classified as exempt from CEQA or Categorical Exempt, the environmental impact review process ends and a fundraising campaign may be approved.

If the project is classified as requiring an Initial Study or an EIR, such a document must be prepared and submitted for public review. The EIR or Initial Study and any comments received during the public review period are then considered incident to the decision by the Chancellor, President, their delegated officers, or The Regents, to authorize the fundraising campaign.

For capital projects, The Regents normally will review and certify the required CEQA documentation when they approve the design of the project. If The Regents do approve a fundraising campaign before the final design has been approved, any gift solicitation made before the final design approval should clearly inform donors that the project is provisional and that CEQA review must be completed before a commitment to the project can be made.

Reference: UC CEQA Handbook, Procedural Handbook and Model Approach for Implementing the California Environmental Quality Act (CEQA), 1991

I. SOLICITING AND ACCEPTING PRIVATE FUNDS
D. GUIDELINES ON NAMING UNIVERSITY PROPERTIES, PROGRAMS, AND FACILITIES

GUIDELINES ON NAMING UNIVERSITY PROPERTIES, PROGRAMS, AND FACILITIES

The current Presidential guidelines on naming university properties, programs, and facilities can be found on the UCOP Presidential policy website at <http://policy.ucop.edu/doc/6000434> .



I. SOLICITING AND ACCEPTING PRIVATE FUNDS

E. GIFTS INVOLVING UNIVERSITY EMPLOYEES

1. Can The University Accept Gifts From Its Employees To Support Their Own Activities?

**CAN THE UNIVERSITY ACCEPT GIFTS FROM ITS EMPLOYEES
TO SUPPORT THEIR OWN ACTIVITIES?**

Gifts to the University from University employees to support their own activities may be accepted if the purpose of the gift is to support bonafide University activities or purchases. Such gifts must be subject to University policies and procedures for expenditure.

The University should not put itself in the position of acting as a conduit for funds for which employees claim a deduction that is likely to be disallowed by the Internal Revenue Service. Therefore, procedures should provide for approval of expenditures by the Department Chairperson or Dean in order to ensure that the University's use of the gift supports its tax-deductibility.

No campus is obligated to accept a gift that it considers inappropriate.

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

E. GIFTS INVOLVING UNIVERSITY EMPLOYEES

2. Policy on Acceptance or Offering of Gifts and Gratuities by University Employees

Office of the President

February 6, 1980

**POLICY ON ACCEPTANCE OR OFFERING OF GIFTS AND GRATUITIES BY
UNIVERSITY EMPLOYEES**

As a public institution of higher education and also a custodian of public funds, the University is concerned that there be appropriate safeguards against any appearance of favoritism in its relations with other entities, either public or private. To avoid any such appearance of favoritism, no officer or employee should accept any gift or gratuity from any source which is offered or reasonably appears to be offered because of the University position held by the officer or employee, nor should an officer or employee extend an offer of a gift on a similar basis.

For the purpose of this policy, the term gift or gratuity means any payment to the extent that consideration of equal or greater value is not received. The term gift or gratuity does not include informational material such as books, reports, pamphlets, calendars, periodicals, or other unsolicited promotional material. A gift also does not include acceptance of modest entertainment, such as a meal or refreshments, in connection with attendance at professional meetings and similarly sponsored events by industrial, technical, professional, or educational associations, or at public ceremonies in an official capacity; nor does it include home hospitality. This definition is consistent with the State of California Political Reform Act of 1978 and is responsive to Federal Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospital, and other Nonprofit Organizations—Uniform Administrative Requirements.

Officers or employees requiring advice on or interpretation of this policy should consult with their department head. Chancellors, Laboratory Directors, the Vice President—Agriculture and University Services, and the Executive Assistant to the President are responsible for implementation of this policy at their locations. However, any questions regarding advice on or interpretation of this policy as applied to the President, to Chancellors or Laboratory Directors, to the Vice President—Agriculture and University Services, or to the Executive Assistant to the President should be referred by those officers to the Vice President—Academic and Staff Personnel Relations.

This policy applies to the individual and does not apply to gifts offered to or by the University as an institution. It supersedes the policy concerning acceptance of gifts issued by President Saxon to Chancellors, Laboratory Directors, and Members, Expanded President's Administrative Council on July 25, 1978, and is effective immediately.

I. SOLICITING AND ACCEPTING PRIVATE FUNDS

E. GIFTS INVOLVING UNIVERSITY EMPLOYEES

3. Payroll Deductions for Employee Contributions for Campus Charitable Drives and Fundraising Campaigns

**PAYROLL DEDUCTIONS FOR EMPLOYEE CONTRIBUTIONS FOR
CAMPUS CHARITABLE DRIVES AND FUNDRAISING CAMPAIGNS**

On May 21, 1976, The Regents authorized the President to approve payroll deductions from employees' wages under certain conditions, subject to the provision of guidelines established by the President. These were subsequently issued, effective August 1, 1976, and were revised by The Regents on May 16, 1977 and reissued on December 23, 1997. They may be found at:

<http://policy.ucop.edu/doc/3400174>

In addition, information may be found in the Accounting Manual at:

<http://policy.ucop.edu/doc/3410256>

I. SOLICITING AND ACCEPTING PRIVATE FUNDS
F. NOTIFICATION TO DONORS REGARDING GIFT FEES

NOTIFICATION TO DONORS REGARDING GIFT FEES

The OGC has held that it is consistent with trust law for campuses to assess a one-time fee on most restricted-purpose gifts, except when the donor objects or when restrictive language in the gift instrument would prohibit imposing a fee. In these cases, if negotiations with the donor or the donor's legal representative do not succeed in removing the objection or modifying the restrictive language, the campus has the choice of either deferring to the donor's wishes or rejecting the gift.

For most of its history, the University did not charge gift fees. Now that gift fees have become an important part of campus operations, the OGC has recommended the practice of full and fair disclosure to prospective and current donors regarding University fundraising and administrative practices. Any campus that has implemented a fee policy for new gifts must disseminate that information clearly to prospective and current donors in relevant communications, including in gift solicitations, and in such a way that the donors are aware of the gift fee when they make gifts.

II. GIFT ADMINISTRATION PROCEDURES

A. OVERVIEW

OVERVIEW

Chapter II is intended to provide information about procedures for administering gifts. The focus is therefore less on "what" can and can't be done with gift funds and more on "how" to handle various types of gifts once the gift has been made, although many of these considerations are obviously also valid when soliciting gifts.

For example, Section B is intended to provide information about how to document gifts after they have been received; however, careful solicitation to ensure that checks are made payable to the proper entity (*see* B. 4.) or that the purpose is clearly stated by the donor (*see* B. 1.) will greatly reduce the amount of work that must be done once a gift has been made.

Sections C and D cover the topic of noncash gifts, including securities, life insurance, real property, tangible property gifts, and intangible property gifts (*e.g.*, royalty rights). Much of the material in these two sections arises from the Tax Reform Act of 1984 and subsequent regulations issued by the IRS, which established tighter rules than before for substantiating deductions claimed for noncash gifts. The regulations apply to donations made to Campus Foundations and Support Groups, as well as those made to The Regents, and are intended to preclude donors from overvaluing charitable deductions for such property. The regulations apply to gifts from individuals, closely held corporations, personal-service corporations, partnerships, and S corporations.

Section C, "General Information About Noncash Gifts", is intended to answer questions that are true of all noncash gifts, and the subsections are arranged to proceed from more donor-oriented issues (tax considerations, information about requirements to file Form 8283 to substantiate a charitable deduction, and appraisal requirements) to the issues that are mainly or entirely of interest only to the University (IRS reporting requirements for disposition of noncash gifts and University reporting requirements).

The information in Section D, "Special Procedures for Various Types of Noncash Gifts", is intended to provide specific information unique to each type of noncash gift.

Section E has grouped together two categories of gifts that involve a significant time lag between the promise of a gift and receipt of assets: bequests and testamentary trusts; and deferred or planned gifts.

II. GIFT ADMINISTRATION PROCEDURES
B. DOCUMENTING GIFTS
1. Letters and Deeds of Gift

LETTERS AND DEEDS OF GIFT

Gifts to the University are normally accompanied by a letter or deed of gift from the donor that specifies the use to which the gift is to be put. Under California law, gifts of community property require the consent of both spouses. A non-consenting spouse can revoke his or her community interest in such a gift. It is therefore in the best interests of the University to secure the signatures of both spouses for all significant gifts.

Ideally, a letter of gift should include the following points for ease in administering the fund:

- clearly state the donor's intention to make a gift;
- include a brief description of the gift (e.g., cash, shares of stock);
- declare that the gift is irrevocable (under California law, a gift is considered revocable unless the donor specifies that it is irrevocable);
- clearly state the recipient, including, if applicable, identifying the campus for which the gift is intended;
- the type of fund (i.e., for current use, loans, or endowment) and, if an endowment is to be established, either for the Regents or a Campus Foundation, authorization to combine the gift with other funds for investment purposes; and
- include a specific designation of the purpose or purposes for which the gift is to be used.

Following are texts for several sample letters and a deed of gift that have been approved by the OGC.

Unrestricted Gift

"I/We enclose my/our check for \$_____ payable to the Regents of the University of California/UCSF Foundation. This is an irrevocable gift and shall be used at the campus to further the goals of the University as the Regents/UCSF Foundation in their discretion deem appropriate."

LETTERS AND DEEDS OF GIFT

Restricted Purpose Gift

"I/We enclose my/our check for \$ _____, payable to the Regents of the University of California/UCSF Foundation. This is an irrevocable gift, and shall be used for (specify purpose) _____ at the _____ campus." (For example: "... shall be used for scholarships for needy students...")

Gift Designated for Endowment

"I/We enclose my/our check for \$ _____, payable to the Regents of the University of California/UCSF Foundation. This is an irrevocable gift, and may be combined with the University's other funds for investment. The income only from this gift shall be used to further the goals of the University at the _____ campus as the Regents/UCSF Foundation in their discretion deem appropriate. The endowment fund established with this gift shall be known as the " _____ Fund."

Gift Restricted as to Campus, Purpose, and for Endowment

"I/We enclose my/our check for \$ _____, payable to the Regents of the University of California/UCSF Foundation. This is an irrevocable gift, and may be combined with the University's other funds for investment. The income only from this gift shall be used at the _____ campus of the University for _____ (specify purpose) _____. The endowment fund established with this gift shall be known as the ' _____ Fund.'

"If at any time in the judgment of the Regents/UCSF Foundation it is impractical or impossible to carry out this purpose, then the income from this gift shall be used at the discretion of the Regents/UCSF Foundation for such other purpose as they determine to be consistent with my interests and intentions."

Sample Deed of Gift (Tangible Property Gifts)

A sample Deed of Gift form for gifts of tangible property may be found on the following page.

DEED OF GIFT

I (We) hereby give, transfer, and deliver to The Regents of the University of California the property described below, which I (we) own:

The value of this property is \$ _____, as determined by ____ Donor
____ Qualified Appraiser. (Written appraisals by a “qualified appraiser” are required for a donor to substantiate tax deductions for gifts valued in excess of \$5,000.)

This is an irrevocable gift, and shall be used at the _____ campus for the following purpose:

(complete purpose)

Donor

Donor

Date

Date

DEPARTMENTAL APPROVAL

Department:

Signature:

Date:

Title:

ACCEPTANCE

Signature:

Date:

Title:

II. GIFT ADMINISTRATION PROCEDURES

B. DOCUMENTING GIFTS

2. Gift/Private Grant Acceptance Form (UDEV 100) and Required Documentation

GIFT/PRIVATE GRANT ACCEPTANCE REPORT (UDEV 100) AND REQUIRED DOCUMENTATION

The UDEV 100 is the official internal record of acceptance of gifts, grants, and pledges (hereafter "gifts") from private sources to The Regents. Preparation of this form is generally initiated by each campus in either the department that received the gift or the central gift-processing office, depending on campus procedures. For gifts requiring Regental approval, the UDEV 100 should be forwarded to IAOP with the Regents' item. It will be signed and returned to the campus when the item has been approved. For bequests allocated by the President or The Regents, preparation of this form is initiated in the Office of the President, and the form is sent to the campus for completion.

Mandatory Use. The use of the UDEV 100 is mandatory to record acceptance of gifts to The Regents for the Office of the President, the Division of Agriculture and Natural Resources, and the Laboratories.

Optional Use. The campuses may elect to use the UDEV 100. Campuses electing not to use this form to process gifts are expected to develop alternative processing procedures and/or forms that satisfy the campus accounting, audit, reporting, and gift administration requirements. In addition, the campus must be able to document that appropriate levels of personnel have reviewed, approved, and accepted the gift, in accordance with delegations of authority.

The use of a standardized campus form is recommended as an administrative convenience. If the use of a form is employed, the form may be electronically completed and transmitted among campus offices, or completed in hard copy for distribution. All monetary gifts to The Regents shall be reported to the Campus Accounting Office; all non-monetary gifts shall be reported to the Equipment Management Office for inventory purposes. For information on the data to be captured in hard copy or by electronic means for gift reporting, *see* Sections III and VII.

Gift documentation shall be retained by the appropriate office of record as noted below. If a donor provides no written instruction, the Campus Development Office has the responsibility to see that the gift is properly documented for the record.

Schedule for Gift-Record Retention and Disposition

Office of Record: Campuses are the office of record for most campus-related gifts. Each gift record, including the donor's correspondence and/or gift agreement, the University's acceptance letter and any solicitation letter or material, shall also be retained according to the following schedule.

TYPE OF GIFT	YEARS TO RETAIN AND LOCATION
All Regents endowments	Ten years at the Campus Development Office then to Campus Archives permanently. Copies of all documentation for Regents endowments to Corporate Accounting, Office of the President, for permanent retention.
All gifts of real property accepted by The Regents, including transfers from Campus Foundations	Maintained as long as the property is held by The Regents; ten years following sale of the property, the gift record may be destroyed.
Gifts-in-Kind	Maintained as long as the property is held by The Regents; ten years following the deaccession of the property, the gift record may be destroyed.
Gifts that involve naming	Maintained as long as the naming is in effect, plus ten additional years, following which the gift record may be destroyed. <i>(However, permanent retention is recommended.)</i>
Gifts of Plant Funds over \$500,000	Ten years at the Campus Development Office then to Campus Archives permanently
Planned Gifts, including pooled income funds, charitable gift annuities, and charitable remainder trusts	<i>Original documents</i> related to each planned gift retained until the maturity of the gift, plus ten years. Original documents for Regents planned gifts to Corporate Accounting, Office of the President to be held for same duration.
All gifts that involve action by The Regents, the President, and the Provost	Ten years at the Campus Development Office then to Campus Archives permanently. Copies of all documentation to the

TYPE OF GIFT	YEARS TO RETAIN AND LOCATION
	Office of the President with the request for related action.

Other gifts that do not fall into the above categories are retained based on the gift amount, as follows:

GIFT AMOUNT	YEARS TO RETAIN AND LOCATION
Gifts of \$1 to \$999	One year at Campus Development Office.
Gifts of \$1,000 to \$999,999	Ten years at the Campus Development Office.
Gifts of \$1,000,000 and more	Ten years at the Campus Development Office then to Campus Archives permanently.

II. GIFT ADMINISTRATION PROCEDURES

B. DOCUMENTING GIFTS

3. Transfers from Campus Foundations to The Regents

TRANSFERS FROM CAMPUS FOUNDATIONS TO THE REGENTS

Gifts to Campus Foundations are to be documented when received by the Foundation in accordance with established Foundation procedures (*see* Section II. B. 2.). Funds either received or allocated for support of University departments or programs are to be transferred, prior to spending, to the University, administered in accordance with University policies, and expended from University department or program accounts.

Transfers from the Foundations to The Regents must be documented on a form that conforms to recognized accounting principles as approved by the campus Accounting Office. This may be either the UDEV 100 or a form developed by the campus for this purpose. The form should be signed by an official authorized to accept gifts to The Regents.

Gifts to Campus Foundations are reported only once, as gifts to the Foundation, on the reports to the Office of the President (*see* Section III. C. and Section VII. B.). They should not be reported again as gifts to The Regents when they are transferred. On the CAE Survey of Voluntary Support of Education (*see* Section III. C. 2.), gifts to the Foundations are combined with gifts to The Regents; they are not reported separately as they are in internal reports.

The forms should be retained on the campus according to an established retention schedule (*see* Section II. B. 2.) but because such transfers are not reported as gifts to The Regents, they should not be forwarded to the Office of the President.

Funds may not be transferred from The Regents to the Campus Foundations unless it can be demonstrated that the check was erroneously made payable to the wrong entity. For more information, *see* Section II. B. 4.

II. GIFT ADMINISTRATION PROCEDURES
B. DOCUMENTING GIFTS
4. Gifts of Cash/Checks

GIFTS OF CASH/CHECKS

Cash includes currency, coin, checks, money orders, and bank drafts. Donors should be advised to make checks payable either to The Regents of the University of California or to the Campus Foundation, as appropriate.

Special precautions must be taken to safeguard cash. For University regulations on handling cash, see Business and Finance Bulletin BUS-49 Policy for Cash and Cash Equivalents Received (<http://policy.ucop.edu/doc/3420337>), and the applicable section of the campus Policy and Procedures Manual or Accounting Manual. Cash, including checks, must be deposited at a campus cashiering station on the day it is received, and the miscellaneous receipt number entered in the appropriate box on the UDEV 100 or applicable campus form. The UDEV 100 should be completed as soon as possible, but do not hold cash if there is a delay in completing the form.

Misdirected Checks. In order to prevent misdirected checks, solicitation literature should state clearly whether the payee should be The Regents, the Campus Foundation, or an officially recognized Support Group with an approved bank account. If it can be documented that checks have been erroneously made payable to the wrong entity, an exchange check may be issued by the University.

The legal basis of a transfer by exchange check is that the funds have been received in response to a specific solicitation and that the donors have misdirected their checks to The Regents rather than as requested in the gift solicitation. In such limited circumstances, return of the funds is considered by the University's legal counsel to be legally appropriate. Because these are considered as gifts for which the checks have been misdirected by donors, they should be reported as gifts to the Campus Foundation or Support Group. The same procedures and principles would apply for checks misdirected to a Campus Foundation in response to a solicitation for gifts to The Regents.

II. GIFT ADMINISTRATION PROCEDURES
B. DOCUMENTING GIFTS
5. Memorial Gifts

MEMORIAL GIFTS

From time to time, the family or friends of a deceased person may announce that contributions may be sent to The Regents/Campus Foundation in lieu of other remembrances. Such gifts are specifically excluded from The Regents' Policy on Fundraising Campaigns. There are several aspects to memorial gifts that require special attention.

Original Contributions. The circumstances surrounding the creation of memorial funds vary widely. In some cases, contributions are made solely on the basis of word-of-mouth; in other cases, an obituary notice announces that donations may be made to the University for a particular purpose in memory of a deceased person; and in rare instances, a formal, written solicitation is made.

While contributions may have been generated on a very informal basis, it is important to document how the fund came into existence. Who first proposed that the fund be established? What did donors know about the fund and its purpose at the time they made their contributions? If the fund will be an endowment or fund functioning as an endowment, IAOP, should be sent a copy of the obituary or solicitation or, if the fund arose by word-of-mouth, a letter that explains the circumstances surrounding its creation. This information will be incorporated into the Endowment Record Sheet (*see* Section IV. E.).

Chief Donor. Frequently one donor with a particular interest in the fund will act as a representative for all donors, particularly in determining the fund terms if these were vague at the outset. The representative will usually be a family member or someone who was instrumental in the creation of the fund. While it is recognized that the other donors may have intended only to make a donation to the fund as a gesture of sympathy, care should be taken that the proposed final terms do not contradict what the other donors understood to be the fund's terms at the time they made contributions.

Potential Problem Areas. There are several problems that may arise in the creation of memorial funds. One common problem is that the total amount of funds actually received from such solicitations are insufficient to carry out the purpose identified in the solicitation or are less than the University's preferred minimum amount for the creation of an endowment to be held in perpetuity (*see* Section VI. B, Management of Endowed Funds).

Another common problem is that communications with donors (acknowledgments as well as solicitations) represent or imply that a fund will be used in a certain way, even though the fund terms have not yet been settled upon. The result can be that the University may have a legal obligation to use the funds for a purpose which neither the family (nor other principal donor) or the University would prefer.

To the extent the campus has the opportunity to comment or participate, it should attempt to assure that the representations to donors are not premature and contain language reserving the discretion to be able to establish fund purposes that are both beneficial to the University and realistic in terms of fund size.



II. GIFT ADMINISTRATION PROCEDURES
B. DOCUMENTING GIFTS
6. Noncash Gifts

NONCASH GIFTS

The noncash gift category applies to securities, real property, and other nonmonetary gifts, such as personal or company property. It includes works of art, books, scientific and other equipment, patents, and copyrights.

Legal Transfer and Valuation

To consummate a fully effective legal transfer of a nonmonetary gift for tax purposes, the property must be placed under control or in the physical possession of a duly authorized representative of the University other than the donor.

Noncash gifts are to be reported at their fair market value (*see* Section II. C. 3.).

Internal University Reporting

Nonmonetary gifts shall be documented on a UDEV 100 or other campus form with the appraised or estimated value shown in the appropriate box. For internal administrative purposes only, it is appropriate to have a qualified member of the University staff estimate a gift's value. Such an estimate should approximate the market value, which is useful for inventory control and determining appropriate reporting, handling, custody, and insurance.

Campuses are responsible for establishing appropriate controls to track the disposition of gifts of tangible property for two years after the date of gift for purposes of meeting IRS reporting requirements (*see* Section II. C. 4.).

For specific information about tax considerations that applies to all noncash gifts, *see* Section II. C. 1.

II. GIFT ADMINISTRATION PROCEDURES

B. DOCUMENTING GIFTS

7. Principal Investigators Statement of Economic Interests (Form 700-U)

PRINCIPAL INVESTIGATORS STATEMENT OF ECONOMIC INTERESTS **(FORM 700-U)**

The State of California Form 700-U, Principal Investigators Statement of Economic Interests, is to be completed by principal investigators for all research projects which have been or will be funded, in whole or in part by:

- A contract or grant from a non-governmental entity; or,
- Other funds from a non-governmental entity earmarked by the donor for a specific research project or a specific researcher.

(For the most current form and instructions, *see* the Fair Political Practices Commission website, <http://www.fppc.ca.gov/index.php?id=500/>, and scroll down for 700-U.)

Awards from several non-governmental sponsors of research are exempt from the University's financial disclosure requirement. (For a list of these sponsors *see* <http://www.ucop.edu/research/policies/exempt.html>.)

Use of Form 700-U has been mandated by the State of California Fair Political Practices Commission. While the campuses are required to adhere to the requirements of filing Form 700-U's, each campus will issue its own guidelines for the filing process. Any questions regarding Form 700-U's can be directed to the Academic COI Coordinators at each campus (<http://www.ucop.edu/general-counsel/legal-resources/conflict-of-interest-coordinators.html>).

References: Regulation 18755, Fair Political Practices Commission

Contracts and Grants Manual: *[NOTE THAT IN JUNE 2012, OGC SUBMITTED SUGGESTED REVISIONS TO THE OFFICE OF RESEARCH TO CORRECT SOME INACCURACIES IN THE FOLLOWING CITED SECTIONS]*
(<http://www.ucop.edu/raohome/cgmanual/chap02.pdf>) (Sections 2-582 and 2-650)

OGC: <http://www.ucop.edu/general-counsel/legal-resources/index.html>

II. GIFT ADMINISTRATION PROCEDURES

C. GENERAL INFORMATION ABOUT NONCASH GIFTS

1. Tax Considerations Pertaining to Noncash Gifts

TAX CONSIDERATIONS PERTAINING TO NONCASH GIFTS

A donor can potentially benefit from making noncash gifts in two ways. First, the donor will often avoid paying tax on capital gains for property that has appreciated in value (unless the donor is subject to the alternative minimum tax).

Second, with certain exceptions the donor will receive a charitable deduction for the full fair market value of the property. One such exception that applies to all noncash gifts is that of ordinary income property. Ordinary income property is defined as property whose sale would result in ordinary income or short-term capital gains, and the tax deduction for such property must be reduced from fair market value by the amount of short-term capital-gain or ordinary income that would have been realized by the donor had the asset been sold, i.e., the deduction is limited to the donor's cost basis. Common examples of ordinary income property include business inventory, works of art, manuscripts, or memorabilia created by donors themselves, and short-term capital-gain assets (assets held less than the required holding period for long-term capital-gains treatment).

In order to consummate a fully effective legal transfer of a nonmonetary gift for tax purposes, the property must be placed under the control or in the physical possession of a duly authorized representative of the University other than the donor.

The information about tax considerations that is given here applies to all noncash gifts. For specific information about tax considerations that are unique to certain types of noncash gifts, *see* Section II. D.

II. GIFT ADMINISTRATION PROCEDURES

C. GENERAL INFORMATION ABOUT NONCASH GIFTS

2. IRS Form 8283 (Noncash Charitable Contributions Form)

IRS FORM 8283 (NONCASH CHARITABLE CONTRIBUTIONS FORM)

Following is a description of the use of IRS Form 8283. This summary is not intended to provide in detail all the responsibilities of donors, and donors should be advised to consult a tax advisor or IRS Publication 561, *Determining the Value of Donated Property*, for more information.

When to Use Form 8283

Whenever a deduction **exceeding \$500** is claimed for a noncash gift, the donor must file Form 8283, Noncash Charitable Contributions Form (see sample at the end of this section) with the tax return.

Completing Form 8283

Form 8283 is to be completed for other noncash gifts as follows.

Section A. Section A must be completed for gifts of real or personal property or nonpublicly traded securities with a claimed value in excess of \$500 but not in excess of \$5,000. Gifts of publicly traded securities, which should be reported in Section A of Form 8283 even if their value exceeds \$5,000, are:

- (1) securities listed on an exchange in which quotations are published daily;
- (2) securities regularly traded in national or regional over-the-counter markets for which published quotations are available; or
- (3) securities that are shares of a mutual fund for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

A qualified appraisal or an appraisal summary is not required for these publicly traded securities.

Section B (Appraisal Summary). Donors must complete Section B when claiming a charitable deduction in excess of \$5,000 for a noncash gift (except those publicly traded securities reportable in Section A). A separate Form 8283 is required for each item that is donated, although a group of similar items that can be considered in the aggregate (i.e., property of the same generic category, such as a group or number of stamps, coins, lithographs, or books) should be treated as a single gift. If the donor contributes items to more than one institution, a separate Form 8283 must be submitted for each donation, even if the value of items given to one institution is less than \$5,000.

Besides completing Section B, donors must obtain a qualified written appraisal (see Section IV:

C.3) for noncash donations whose claimed value exceeds:

- (1) \$5,000 for any single item of personal or real property;
- (2) \$5,000 in the aggregate for similar items of property whether donated to one or more institutions; or
- (3) \$10,000 for nonpublicly traded securities (although an appraisal is recommended for nonpublicly traded stock valued between \$5,000 and \$10,000).

In determining whether a particular gift falls within these criteria, the key word is "claimed value"; for example, if a donation is made of a remainder interest whose value to the University (and charitable deduction claimed therefore) is less than \$5,000, no appraisal is necessary, even if the value of the item itself exceeds \$5,000.

For gifts made after June 6, 1988, the appraisal summary must disclose whether the donation involved a bargain sale and, if so, the amount the donor was paid.

Donors must ensure that the appraiser signs Part IV of Section B, Certification of Appraiser. If donors have obtained more than one appraisal, it is not necessary to use them all to substantiate the deduction.

Donors are asked to retain a copy of the appraisal itself with their other tax records but need only attach the appraisal summary (Form 8283) to their returns, except in the case of art work valued at more than \$20,000; then it is necessary also to attach a copy of the appraisal itself and an 8 x 10 inch color photograph or a color transparency no smaller than 4 x 5 inches.

If the donor is a partnership or an S corporation, the donor must provide a copy of the completed Form 8283 to each partner or shareholder who receives an allocation of the charitable deduction.

Donee Signature Acknowledgment Section

The IRS regulations provide that the appraisal summary (Part B of Form 8283) must include an authorized signature from the donee organization. **The donee organization should not sign Form 8238 until the donor or the appraiser has completed the required description of the property.** (Note: If property is given to a charitable remainder trust, the trust is considered the donee and the trustee or a designee should sign Form 8283.) The institution's signature on Form 8283 represents only acknowledgment of receipt of the items described in the Appraisal Summary, and in no way indicates its agreement with or acceptance of the amount claimed.

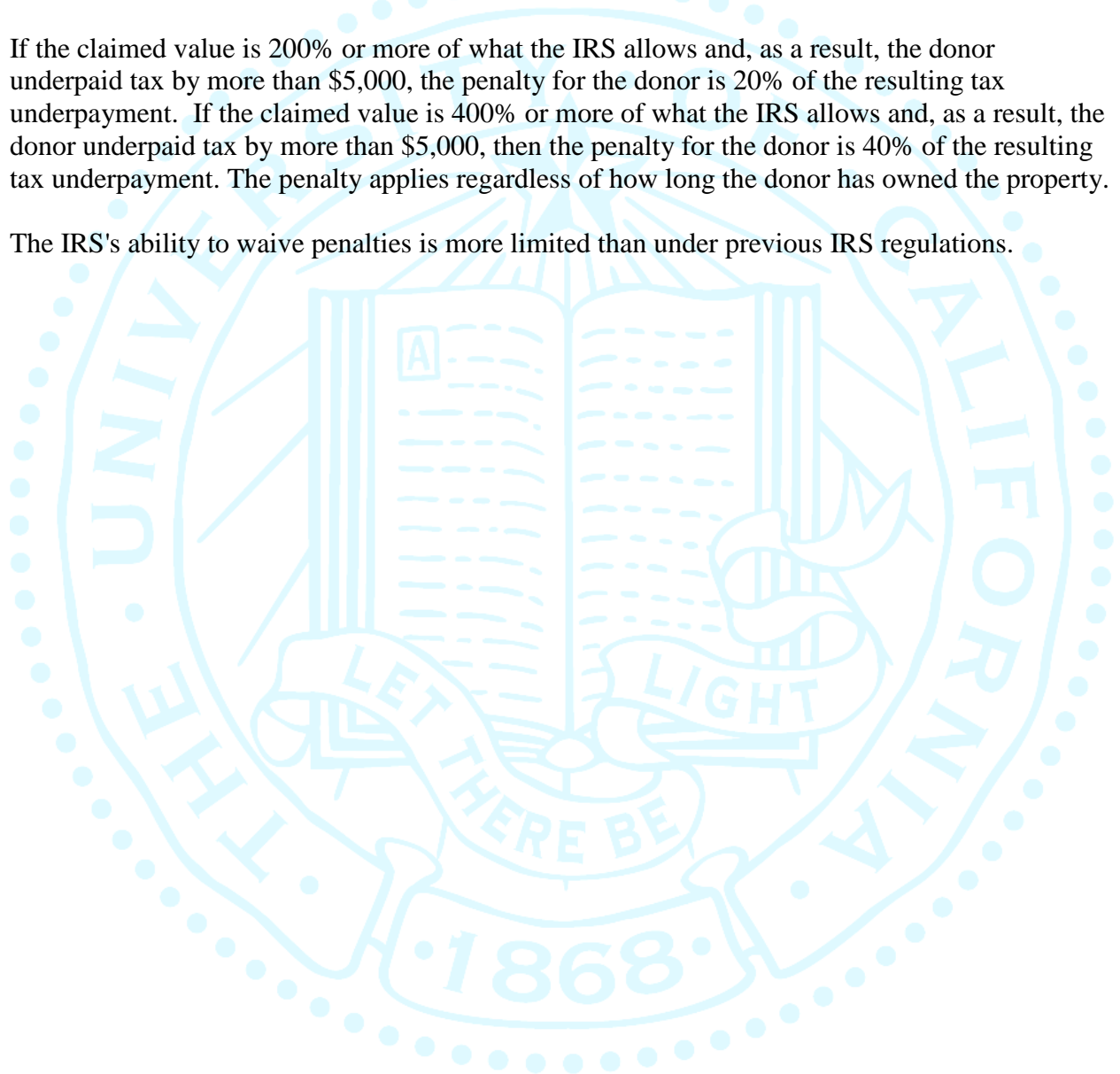
Donors are required to furnish the donee with a copy of the completed Form 8283, and the donee must retain it "for so long as it may be relevant to the administration of any internal revenue law", i.e., normally three years unless the donor is audited.

Penalties for Donors

If the donor fails to submit Form 8283 with the tax return, the deduction may be disallowed unless the failure was due to a good faith omission. The IRS allows donors 90 days to submit the completed Form 8283 on request before the deduction is disallowed.

If the claimed value is 200% or more of what the IRS allows and, as a result, the donor underpaid tax by more than \$5,000, the penalty for the donor is 20% of the resulting tax underpayment. If the claimed value is 400% or more of what the IRS allows and, as a result, the donor underpaid tax by more than \$5,000, then the penalty for the donor is 40% of the resulting tax underpayment. The penalty applies regardless of how long the donor has owned the property.

The IRS's ability to waive penalties is more limited than under previous IRS regulations.



II. GIFT ADMINISTRATION PROCEDURES

C. GENERAL INFORMATION ABOUT NONCASH GIFTS

3. Appraisal Requirements to Substantiate Deductions for Noncash Gifts

APPRAISAL REQUIREMENTS TO SUBSTANTIATE DEDUCTIONS FOR NONCASH GIFTS

To substantiate a charitable deduction in excess of \$5,000 for a noncash gift or collection of gifts (\$10,000 in the case of nonpublicly traded securities), it is necessary that donors obtain a qualified appraisal. A summary of that appraisal is to be reported using IRS Form 8283 (*see* Section II. C. 2.). The following summarizes the requirements that must be met for an appraisal to qualify.

Who Can Appraise?

A qualified appraiser must make a declaration on Form 8283 that:

- (1) The individual holds himself or herself out to the public as an appraiser or performs appraisals on a regular basis.
- (2) Because of the appraiser's qualifications as described in the appraisal, the appraiser is qualified to make appraisals of the type of property being valued.
- (3) The appraiser is not someone who would be excluded by the regulations from being a qualified appraiser, i.e., the donor, a party to the transaction in which the donor acquired the property (e.g., an art dealer from whom a painting was purchased), the recipient institution, or any person related to or regularly employed by any of the foregoing; or anyone married to any person in the above categories. (Note: an appraiser who is regularly retained by the donor, a party to the transaction, or the University could be considered as an employee of that party unless the appraiser performs a majority of appraisals for other parties during the taxable year.) Under these regulations, the value of a life insurance policy supplied by the insurance carrier is not considered an independent appraisal, since the carrier is a party to the transaction; however, another insurance agent can appraise the value of the policy.
- (4) The appraiser understands that a false or fraudulent overstatement of the value of the property may subject the appraiser to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and consequently the appraiser may have appraisals disregarded pursuant to 31 U.S.C. 330(C).

Even if the individual makes this declaration, he or she is not a qualified appraiser if the donor had knowledge that would cause a reasonable person to expect the appraiser to falsely overstate the value of the property.

What Must the Appraisal Include?

A qualified appraisal must include the following:

- (1) A description of the property in sufficient detail for a person unfamiliar with the type of property to determine that the property appraised was the property donated (in the case of a group of similar items whose aggregate value exceeds \$5,000, this will normally mean an itemized listing of the value of the individual items; but note that the appraiser may give a group description of any items whose aggregate value is appraised at \$100 or less);
- (2) For tangible property, the physical condition of the property;
- (3) The date or expected date of donation;
- (4) The terms of any prior or anticipated agreement of understanding by or on behalf of the donor regarding the use, sale, or other disposition of the property;
- (5) The name, address, and taxpayer identification number of the appraiser and, if the appraiser is a partner in a partnership, an employee, or an independent contractor engaged by someone other than the donor, the name, address, and taxpayer identification number of the partnership or employer;
- (6) The qualifications of the appraiser who signs the appraisal, including background, experience, education, and membership, if any, in professional appraisal associations;
- (7) A statement that the appraisal was prepared for income tax purposes;
- (8) The date (or dates) on which the property was valued;
- (9) The fair market value of the property on the date (or expected date) of donation;
- (10) The method of valuation used to determine the fair market value, such as the income approach, the market-data approach, or the replacement-cost-less-depreciation approach;
- (11) The specific basis for the valuation, if any, such as any specific comparable sales transactions; and
- (12) A declaration from the appraiser that the fee arrangement between the donor and appraiser is not one that would disqualify the appraisal (see below).

The appraisal must be made not earlier than sixty days before the date of contribution of the property and must be received by the donor before the due date (including any extension) of the tax return on which the donation is first claimed as a deduction.

Paying for the Appraisal

If the appraiser's fee is based on a percentage of the appraised value, the appraisal will generally be disqualified. However, appraisal fees based entirely or in part on a sliding scale do qualify when the portion of the fee based on a sliding scale is paid to a generally recognized association that regulates appraisers (and when no parties to the transaction have a beneficial interest in the association).

If the donor is not willing or able to incur the cost of an appraisal, it would be appropriate for the University to reimburse the donor for the cost. However, direct involvement of the University in securing appraisals could result in their accuracy and objectivity being challenged by the IRS. Thus, it is in the donor's best interest that the University neither provide directly nor become involved in securing an appraisal. In addition, correspondence with the donor shall not indicate the value of a nonmonetary gift in any way that could be construed as endorsement of its value for tax purposes.

The cost of appraising a nonmonetary gift is not deductible as a charitable contribution; however, it is included in the so-called "Second Tier" class of miscellaneous itemized deductions, which are deductible to the extent that in the aggregate they exceed 2% of adjusted gross income. Donors are advised to refer to IRS Publication 529 or consult their tax advisors.

II. GIFT ADMINISTRATION PROCEDURES

C. GENERAL INFORMATION ABOUT NONCASH GIFTS

4. IRS Form 8282 (Donee Information Return)

IRS FORM 8282 (DONEE INFORMATION RETURN)

A charity that has signed an appraisal summary (IRS Form 8283; *see* Sections II. C. 2. and 3.) must file a Donee Information Return (IRS Form 8282) if it sells, exchanges, or otherwise transfers the gift within three years after the donor contributed the property. The information return must be filed on or before the 125th day after the disposition of the gift, and a copy must be supplied to the donor. To assist the donee in complying, donors are required to provide a copy of the completed Form 8283.

The regulations provide two exceptions to the reporting requirement. First, there will be cases when individual items are disposed of that were included in an appraisal as part of a collection of items whose aggregate value exceeded \$5,000. If the declared value of the individual item on Form 8283 was less than \$500, it is not necessary to report its disposition.

Second, reporting is not required if the property is "consumed or distributed without consideration" (i.e., without receiving something in return) for a purpose that furthers the University's tax-exempt functions. For example, the University would not be required to report on the disposition of a gift if it was used in a class. It would, however, have to report its disposition if it was sold at an auction.

Successor Donees

The IRS has established regulations governing "successor donees", i.e., charities that receive property for less than fair market value, either from the original donee or another successor donee, which apply to certain transfers from Campus Foundations to the University.

A donee that transfers charitable deduction property to another charity must furnish the successor donee with its own name, address, and taxpayer identification number, as well as a copy of Form 8283 as originally submitted by the donor, within 15 days after the latest of three actions: the transfer; the date it signs Form 8283; or the date it receives Form 8283 from a preceding donee, if any. It must also report the transfer within 125 days to the IRS using Form 8282 and must furnish the successor donee, and the donor, with a copy of Form 8282 within 15 days of filing with the IRS.

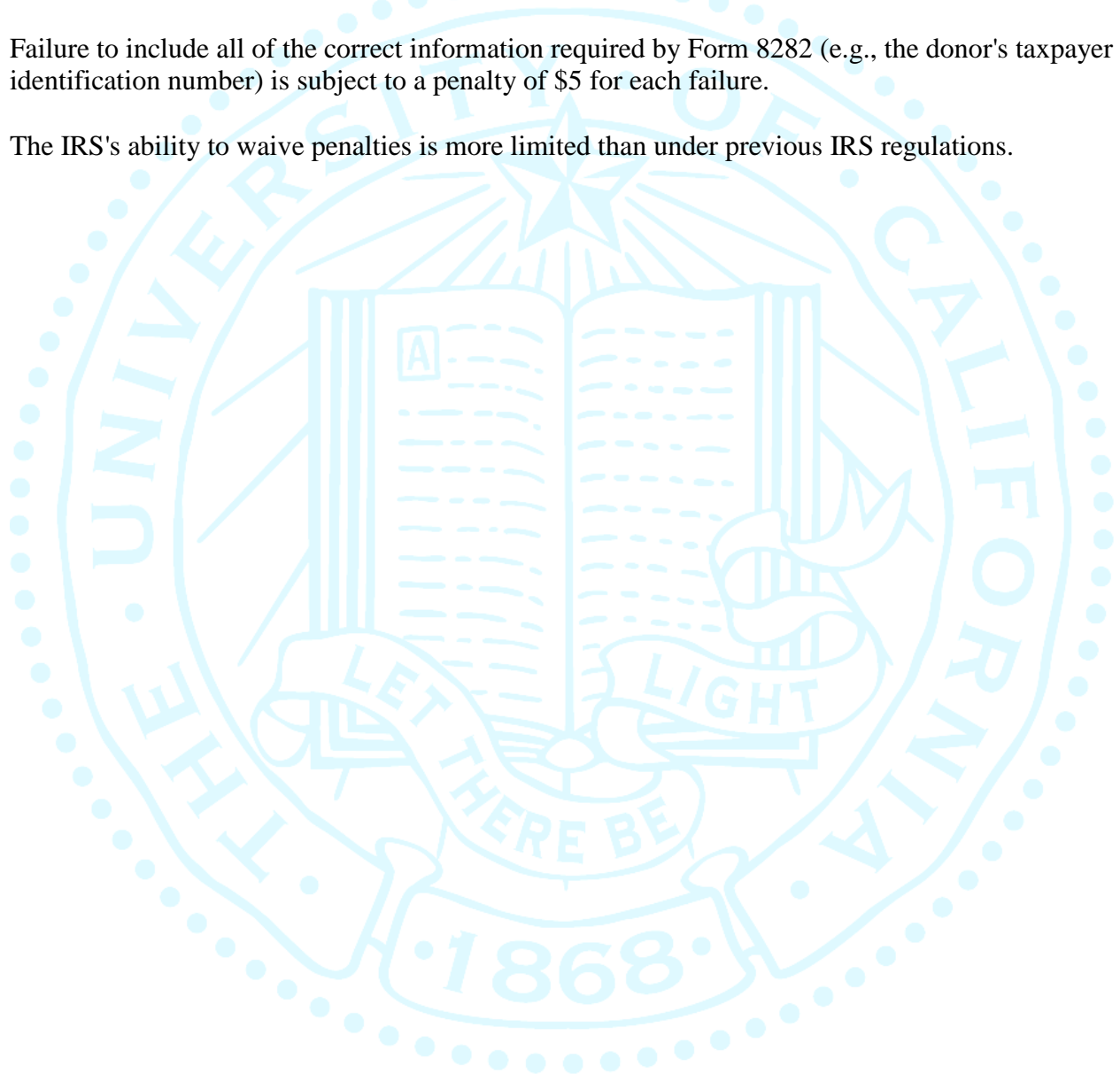
When a successor donee receives the property, it also inherits the reporting requirements that go along with the property. Thus, for example, if a gift of real property is given to a Campus Foundation and title is subsequently transferred to The Regents, who in turn sell the property, the Campus Foundation would use Form 8282 to report the transfer, and The Regents would be required to file Form 8282 with the IRS if the property were sold within three years of the date of the original gift.

Penalties

The penalty for failure by a recipient institution to furnish the required information report to the IRS is \$50 per failure plus 5% of the value of the items that should have been reported; failure to furnish a copy to the donor is subject to a penalty of \$50.

Failure to include all of the correct information required by Form 8282 (e.g., the donor's taxpayer identification number) is subject to a penalty of \$5 for each failure.

The IRS's ability to waive penalties is more limited than under previous IRS regulations.



II. GIFT ADMINISTRATION PROCEDURES

C. GENERAL INFORMATION ABOUT NONCASH GIFTS

5. Internal University Reporting Requirements for Noncash Gifts

INTERNAL UNIVERSITY REPORTING REQUIREMENTS FOR NONCASH GIFTS

Nonmonetary gifts to The Regents are reported on a UDEV 100 or campus other campus form, with the appraised or estimated value shown in the appropriate box. For internal administrative purposes only, it is appropriate to have a qualified member of the University staff estimate a gift's value. Such an estimate should approximate the market value, and is useful for inventory control and determining appropriate reporting, handling, custody, and insurance.

Campuses are responsible for establishing appropriate controls to track the disposition of gifts of tangible property for two years from the date of gift for purposes of meeting IRS reporting requirements (*see* Section II. C. 4.).

II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

1. Securities

SECURITIES

Securities include primarily stocks and bonds. For reporting purposes, promissory notes and life insurance policies that are surrendered for cash are also considered to be securities.

The following information pertains, primarily, to gifts of securities to The Regents although such information can be useful to the campus foundations. The Chief Investment Officer is the official custodian of all securities belonging to The Regents. Therefore, all such securities must be transmitted to the Chief Investment Officer directly by the donor or immediately on receipt by the campus.

The Office of the Chief Investment Officer is to be contacted about any technical questions regarding the transfer of securities to The Regents. More general questions about securities as gifts or their processing through the system are to be addressed to Institutional Advancement, Office of the President.

Before accepting securities, a campus must ascertain whether they are marketable by calling the Office of the Chief Investment Officer or a broker. Although unmarketable securities may be accepted by The Regents, the campus should be aware that they will provide no immediate benefit and their future benefit is a calculated risk (*see* "Accounting for Securities," below).

Transferring Securities to the University

Securities may be transferred to the University in one of two ways.

- (1) Securities eligible for Depository Trust Company (DTC) transfers should be transferred to The Regents' custodian bank through the donor's bank trust department or a securities broker. These agents should be instructed to contact the Office of the Chief Investment Officer immediately for instructions regarding the disposition of the securities. [Note: Only the Chief Investment Officer may authorize the sale of securities on behalf of The Regents.]
- (2) Alternatively, certificates bearing the name of the donor may be endorsed to RUCAL & CO. and transmitted to the Chief Investment Officer directly by the donor or by the campus.

Donors may mail to the Office of the Chief Investment Officer either:

- (a) an unendorsed stock certificate and a signed stock power naming RUCAL & CO., each mailed in a separate envelope, or

- (b) a dated stock certificate endorsed to RUCAL & CO.

In either case, the Office of the Chief Investment Officer must be informed of the donor's intended purpose for the gift, so that the correct campus and account may be credited.

THE OFFICE OF THE CHIEF INVESTMENT OFFICER GIFT COORDINATOR MAY BE CONTACTED BY CALLING THE OFFICE OF THE CHIEF INVESTMENT OFFICER AT (510) 987-9600.

Valuation of Securities

Publicly traded securities. IRS regulations define publicly traded securities to mean securities, including mutual funds, for which market quotations are readily available on an established securities market. Securities, however, that otherwise would be considered to be publicly traded securities are excluded from this definition if they are subject to restrictions, or if the amount claimed as a deduction for the contribution of such securities differs from the amount listed in market quotations (e.g., when selling large blocks of stock at once would depress their price).

In conformance with IRS rules, publicly traded securities are valued at the mean selling price on the valuation date. For unlisted securities (e.g., over-the-counter stock), the value is determined by using the mean selling price on the date of valuation or, if there were no sales on that date, by using a weighted average of the means of sales on the nearest dates before and after the date of valuation. The valuation dates used for all securities are:

- (1) if hand-delivered, the date when a properly endorsed stock certificate is surrendered to a University representative in the Office of the Chief Investment Officer;
- (2) if sent by mail or fax machine, the date of mailing or faxing, provided the securities and the Stock Power form are received in a form negotiable by the University; and
- (3) if transferred through the donor's agent, the date the security is transferred into the Regents' name (or RUCAL) on the books of the issuing corporation.

Nonpublicly traded securities. Donors are required to obtain a qualified appraisal of the value of nonpublicly traded stock valued at more than \$10,000 (*see* Sections II. C. 2. and 3.).

Tax Deduction for Securities

Securities are deductible at their full fair market value if they have been owned for the required holding period for long-term capital-gain treatment, subject to the applicable Internal Revenue Code percentage of adjusted gross income limitations and carryover rules.

Documenting Gifts of Securities

When securities are received in the Office of the Chief Investment Officer, they are valued as

explained above. The Office of the Chief Investment Officer enters the gross valuation on the Chief Investment Officer's Gift Notice (TRS) form (see end of section). These forms are then sent to IAOP, to be coordinated with any background on the gift that is available there. IAOP then forwards the TRS form and other documentation of the gift to the campus Development Office as background for preparation of the gift form. After completion at the campus, the gift form is distributed in accordance with usual procedures.

Gifts received in the form of securities should be reported as securities even if they are converted into cash by the University (*see* Section III. B. 6.).

Acknowledging Gifts of Securities

There is no legal requirement to provide donors with a valuation of securities when acknowledging such gifts. Although the University must provide the donor with a description of the gift sufficient to link it to the donor's records, it is suggested that quotations of value for gifts of securities be avoided whenever possible. The University's valuation may taint the valuation process from the IRS's viewpoint; at best it is an added and irrelevant piece of information, and at worst the University may inadvertently provide erroneous information that the donor relies on to his or her disadvantage. In addition, providing values to donors may be bad rather than good for the University's relations with them, since it could lead to disagreements.

It is therefore suggested that gifts of securities be documented by a description of the gift that clearly ties it to the donor's records (e.g., 100 shares of ABC common stock), leaving documentation of the exact date and amount of the gift to the donor.

If, however, a donor requests that the University quote an amount, it is appropriate to list the high and low selling prices on the date of valuation or enclose a copy of a newspaper quotation for that date.

Accounting for Securities

If the proceeds from the sale of securities are designated for current use, the net proceeds are transferred to the campus Accounting Office through a journal entry to the campus financial control account. Information on the net proceeds may be obtained from the campus Controllers Office. The net proceeds will differ from the amount on the Chief Investment Officer's Gift Notice (TRS) by the amount of the broker's commission, Securities Exchange Commission charges, and the gain or loss on the sale of the securities (*see* "Documenting Gifts of Securities" above).

When securities are held rather than sold, the campus is informed of the value assigned to the securities through the TRS form initiated by the Office of the Chief Investment Officer (*see* "Documenting Gifts of Securities" above). If the Chief Investment Officer is unable to sell a gift of securities because no market exists for the item, no entry is made into the campus accounting records and no expenditures may be made against the gift. If securities are for an endowment, their value will be recorded in an endowment fund by Endowment Investment Accounting, but not in the campus financial control account. Identification of the gift with the campus is

accomplished by a campus location code in the title of the General Ledger account.



II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

2. Real Property and Related Gifts

REAL PROPERTY AND RELATED GIFTS

Real Property

The Regents Bylaws and Standing Orders differentiate between real property used for "University-related purposes" and real property "held for investment purposes".

The Bylaws define "University-related purposes" as referring to "real property and interests therein held and used by the University in furtherance of its mission, but excluding real property held for investment purposes." Property held for investment includes both properties gifted to the University, and property interests which The Regents have purchased as part of an investment strategy for the University's Retirement System and General Endowment Pool.

The term "Endowment Real Estate" refers to interests in real estate given to the University for the purposes of supporting its mission of teaching, research, and public service, as opposed to property purchased as part of The Regents' investment strategy. There is no expectation that the University will actually utilize the real estate in question; instead, the income and/or proceeds from the sale of the property will be used, typically in a manner specified by the donor, to support one or more aspects of the University's mission.

At its most fundamental level, Endowment Real Estate is comprised of real property donated to the University by (i) living people, and entities, ("Gift" real estate), and (ii) by deceased people, via wills/probate procedure and trusts ("Bequest" real estate), to benefit specified University units or functions.

Acceptance of gifts of real property to The Regents, whether for University-related purposes or for investment purposes, is subject to certain authorization limits which may be found at:

http://www.ucop.edu/real-estate-services/files/documents/authority_real_estate.pdf

Real property used for University-related purposes is acquired and sold by the Real Estate Services Group of the Office of the President ("RESG"), and managed by the campuses and other operating units of the University. Endowment Real Estate owned by The Regents is accepted, sold, and managed by RESG under delegation from the Chief Investment Officer and Chief Investment Officer of The Regents. Campus Foundations are also legally capable of taking title to Endowment Real Estate.

Factors Influencing Which Entity Takes Title to Endowment Real Estate:

1. Does the campus foundation want to be in the business of accepting and managing

Endowment real estate?

A fundamental question!

2. Has the donor expressed a preference for either the foundation or The Regents receiving title?

Donors often identify closely with the campus they are seeking to benefit and view the campus foundation as more closely aligned to their needs than The Regents.

3. How proximate/remote is the property to the campus?

Distant properties often come with additional management complexities, depending on the nature of the property. RESG deals with these as a matter of course.

4. Will the property be held for more than 6 months after being received?

Property tax and insurance expense factors favor The Regents holding title for longer holding periods. The Regents self-insure for real property risks. There is no premium charge for this coverage. Foundations need to obtain independent insurance and pay any resulting premiums. Properties in California owned by The Regents are exempt from property taxes; such properties owned by Foundations are not. In neither case are properties exempt from Proposition 218 assessments. Out-of-state properties are typically taxable, for either The Regents or Foundations.

5. Does the Property involve significant holding costs relative to any income it generates?

UCOP Financial Management generally approves advancing holding costs for a property that doesn't generate income (and where no liquid assets were gifted by the donor for use in paying the property's expenses). Campus foundations may or may not be in a position to make such cash advances.

Due Diligence Process – Endowment Real Estate

The Due Diligence Process is a key step in the gift acquisition process. The key characteristics of the real estate being conveyed need to be identified, to balance any apparent risks associated with the property against its value. The following are key to the "accept or not accept" decision:

Title Commitment

A title commitment is a **commitment** from a title insurance company to issue a title insurance policy based upon listed exceptions. (The same assurance isn't given by a preliminary title report.) Exceptions to title to watch for include:

- Financial liens such as mortgages, bonds, judgments or assessments recorded against the property (the mortgage balance may exceed the value, of the

- property).
- Delinquent property taxes.
 - Encroachments, easements, restrictions or other legal restrictions affecting use of the property. For example, a standard utility easement across a property could prevent further development over the easement area.

Phase I Environmental Site Assessment

An Environmental Specialist examines the property to determine what, if any, hazardous environmental conditions exist that would pose a risk to the University. Prior use is a big factor in determining if the property has unacceptable environmental hazards.

Property Condition Assessment

A property inspection is necessary to determine and/or confirm conditions that can't be determined or confirmed purely from written documents. For example:

- Obvious health and safety issues
- Signs of Trespass
- Confirmation of current use/ occupancy
- Deferred maintenance requiring early correction

Gift-in-Kind Projects

Also known as “Donor Development”, Gift-in-Kind Projects involve the construction of a new facility by a donor, for University-related purposes, and the donation by the donor of the facility to the University upon completion of construction. The facility can be constructed on University-owned land (i.e., on campus), or can be constructed on land owned by the donor. In the latter case, the donor donates the land as well as the facility, upon completion of construction.

Gift-in-Kind Projects require a donor with special expertise in the design and/or construction of the type of facility to be gifted, and must be designed and constructed in conformance with laws, policies and procedures applicable to the construction of campus facilities to be used by the University in the furtherance of its mission. Accordingly, Gift-in-Kind Projects can only be accepted by The Regents. Detailed guidance as the structuring and receipt of Gift-in-Kind Projects can be found in the following documents located on the RESG web site:

http://ucop.edu/real-estate-services/ files/documents/donor_development.pdf

http://ucop.edu/real-estate-services/ files/documents/donordevelopment_flowchart.pdf

II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

3. Gifts of Tangible Properties

GIFTS OF TANGIBLE PROPERTY

Acceptance

Units within the University that are to have custody of gifts of tangible property (e.g., horses, computers, works of art) are to be consulted before such gifts are accepted. For gifts of works of art, both the donor and the affected University department must understand that a transfer of ownership of the physical work of art does not automatically transfer related intangible property rights, such as copyright, which include the right to reproduce or distribute copies of the work. Accordingly, the donee should determine whether the donor does in fact also own the intangible rights and whether the gift is intended to include them. If so, the instrument of gift must expressly state that the transfer includes the related intangible property rights, including the copyright and rights of reproduction of the work.

Gift proposals should be reviewed with special care to ensure that acceptance will not involve financial commitments for the University in excess of funds available, or other obligations disproportionate to the usefulness of the gift. Consideration should be given to the cost and feasibility of fulfilling any conditions specified by the donor including maintenance, cataloging, crating, delivery, insurance, or display costs, as well as the cost of space requirements for exhibition or storage. The University should decline gifts of tangible property that cannot be beneficially used, housed, or displayed appropriately, or sell the gifts and use the proceeds for University purposes (*see* Section II. C. 4.).

Related Use Rule For Tax Deductions for Gifts of Tangible Property

When a donation is made of tangible property, the amount of the income tax charitable deduction depends in part on what use the University will make of the property. When the University can use the property for the educational purposes on which its federal tax exemption is based, or is likely to be able to use it for such purposes, the donor is entitled to a deduction equal to the property's full fair market value for long-term capital-gain property (for ordinary income property, *see* below).

If the University is not likely to put the property to a use related to the University's exempt purpose, the donor's income tax deduction is limited to the donor's basis (which generally will be what the property cost the donor, or, if acquired by gift, the cost to the person who gave it to the donor).

Although the statute speaks of the recipient actually using the property, the regulations qualify the gift for a full-value deduction if:

- (1) the recipient actually does not put the property to an unrelated use, or,
- (2) it was reasonable at the time of the gift to anticipate that the property would be put to a related use.

If the University sells donated property, it has not used it in a related way even if it applies the proceeds of the sale to carry out the University's exempt function. Donations to museums are an exception; if the property is of the kind normally retained by the museum, the full-value deduction is allowed even if the museum sells the property, unless the donor had prior knowledge that the property would be sold.

The IRS requires that the donor furnish proof of compliance with the related-use rule. The donor must show that the University's use was related or that the donor could reasonably expect that the use would be related. Therefore, it is desirable for the donor to get advance written confirmation from the University of its intended use of the gift. A Sample Deed of Gift form will be found in Section II. B. 1., that can be used for gifts from individual and some corporate donors (for corporate gifts of research equipment, *see* below). The signature by an authorized person on the Deed of Gift indicates that the University has reviewed and agreed to the conditions of the gift.

Commercial Materials

The terms of gifts of commercial materials should be reviewed carefully to assure their conformity with the pertinent section of University Regulation 4, Special Services to Individuals and Organizations, as follows:

University laboratories, bureaus and facilities are not to be used for tests, studies, or investigations of a purely commercial character, such as mineral assays, determination of properties of materials, the performance efficiencies of machines, analyses of soils, water, insecticides, fertilizers, feeds, fuels, and other materials, statistical calculations, etc., except when it is shown conclusively that satisfactory facilities for such services do not exist elsewhere.

Corporate Gifts of Equipment

A corporation (other than an S corporation) may be able to claim a deduction equal to the lesser of:

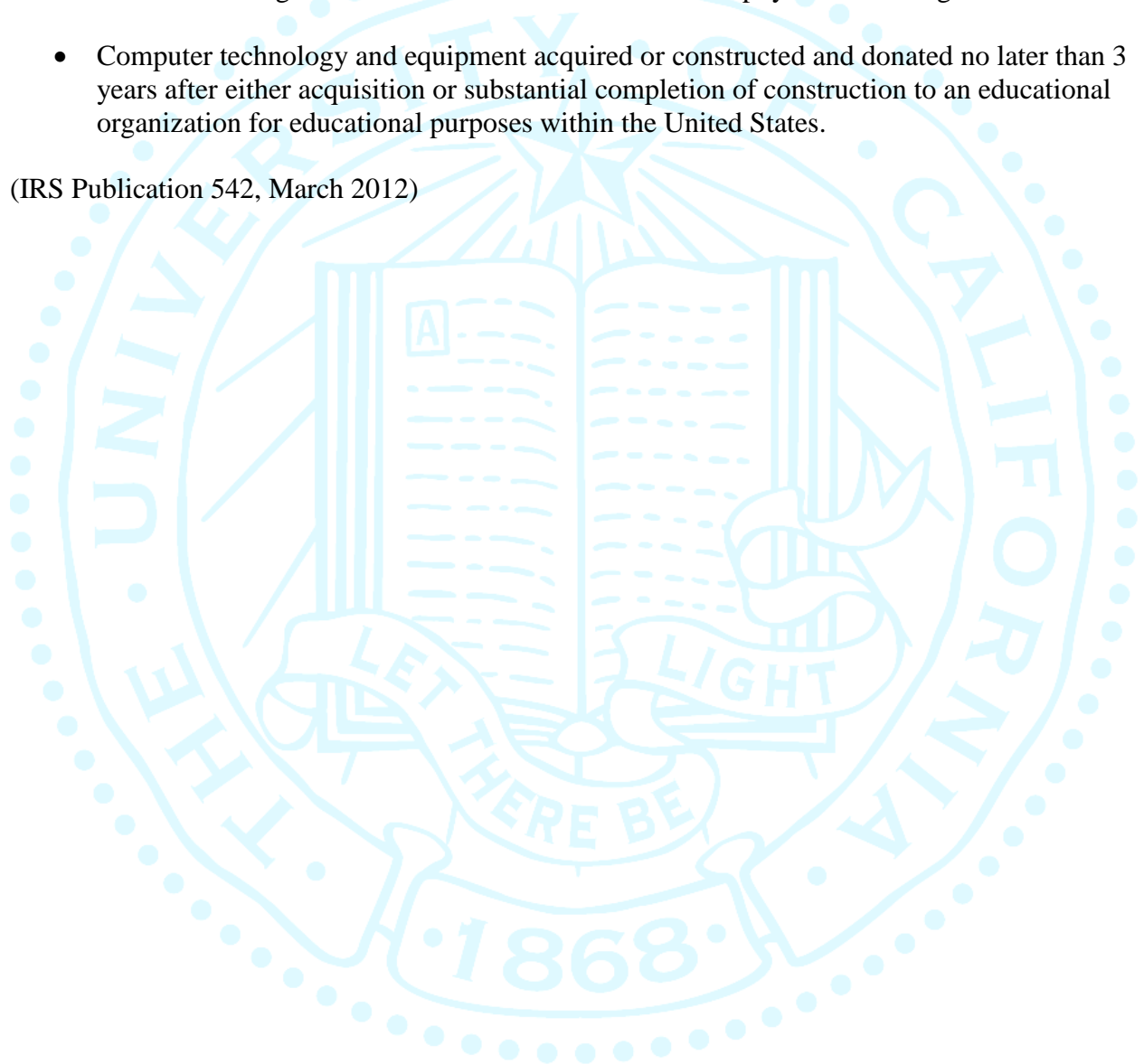
(a) the basis of the donated inventory or property plus one-half of the inventory or property's appreciation (gain if the donated inventory or property was sold at fair market value on the date of the donation), or

(b) two times basis of the donated inventory or property.

This deduction may be allowed for certain contributions of:

- Certain inventory and other property made to a donee organization and used solely for the care of the ill, the needy, and infants.
- Scientific property constructed by the corporation (other than an S corporation, personal holding company, or personal service corporation) and donated no later than 2 years after substantial completion of the construction. The property must be donated to a qualified organization and its original use must be by the donee for research, experimentation, or research training within the United States in the area of physical or biological science.
- Computer technology and equipment acquired or constructed and donated no later than 3 years after either acquisition or substantial completion of construction to an educational organization for educational purposes within the United States.

(IRS Publication 542, March 2012)



II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

4. Gifts of Intangible Properties

GIFTS OF INTANGIBLE PROPERTY AND SOFTWARE AND SOFTWARE LICENSES

Intangible Property

Intangible property includes intellectual property, copyrights, patents, contract rights, royalties, etc. Gifts of intangible property should be reported by the appropriate receiving campus (for the University's internal accounting purposes) at their fair market value if this can be established; if not, they should be valued at \$1 because their potential benefit to the University cannot be estimated. When a gift of intangible property results in royalties or other payments, such payments are treated as gifts in the year in which the payment is received.

Before acceptance, all offers of patents and patent applications must be referred to OGC, accompanied by a copy of the patent or application.

Software and Software Licenses

Gifts of software should be reported at the fair market value or "educational discount value" (value the institution would have paid had it purchased the item outright from the vendor) documented in writing by the donor, whichever is lower. If no educational discount is available, 50% of the established retail value in relation to the number of concurrent users will determine the value.

II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

5. Life Insurance

LIFE INSURANCE

In order that an insurance policy may be reported as a gift, the University must be named both irrevocable owner and beneficiary. For reporting purposes, the value of the policy is its cash surrender value at the time of the gift, not its face value. Insurance policies are to be treated as securities for reporting purposes.

When a life insurance policy is given, it may be surrendered immediately for its cash value, or it may be maintained, in which case it is considered a deferred gift.

If the policy is maintained, the difference between the policy's cash surrender value and its settlement value on the donor's death is not reported as a gift, but as gain on the disposition of assets. If, after giving the policy, the donor continues to make periodic gifts to enable the University to pay the premiums, these are to be reported as separate cash gifts to the University. A campus that intends to maintain the policy must identify a fund source for the premium payments; the resulting increases in the cash surrender value of the policy should not be reported as gifts.

When the University receives the proceeds of a policy in which it was named beneficiary but not owner, the full amount received is reported as an outright gift of cash as of the date of receipt.

Life insurance policies are subject to the same IRS requirements as other noncash gifts, including the requirement that the donor file Form 8283 (*see* Section II. C. 2.) and that the donee file Form 8282 if it disposes of the policy within three years of the date of contribution (*see* Section II. C. 4.).

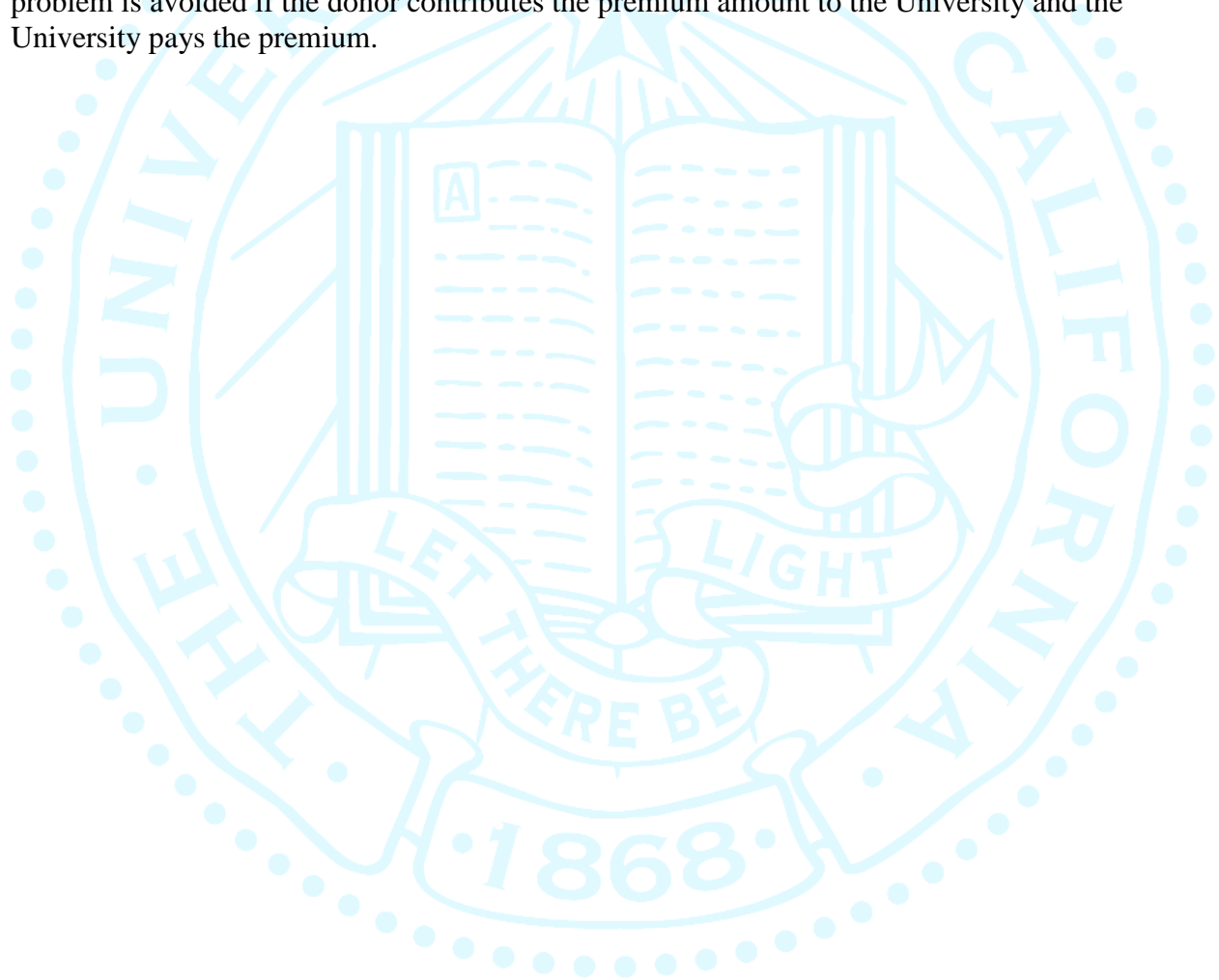
Tax Deduction for Gifts of Life Insurance

Amount of deduction for a gift of a policy. The value of a policy that is fully paid is equal to the policy's replacement cost, or what it would cost to purchase the same policy at the date of gift. The value of the gift for tax deduction purposes is limited to the donor's cost basis in the policy.

Policies may be contributed before being fully paid. The value of a policy on which premium payments remain to be paid is its ITRV at the date of gift, plus the part of the last premium payment that covers the period extending beyond the date of the gift. For example, if a policy is contributed four months after the last annual premium was paid, the value of the policy is the ITRV at the date of gift plus two-thirds of the last premium payment. As is also true for gifts of fully paid policies, a donor's charitable deduction is limited to his or her cost basis in the policy.

Under certain limited circumstances, the amount of a charitable deduction may be limited to the policy's surrender value, which is usually less than the replacement cost. This result may occur when a charity receives a gift of a policy on which there exist large loans, and the charity promptly surrenders the policy to the insurance company for the policy's cash surrender value.

Deduction for premium payments. Premiums paid by a donor on an insurance policy that has been given to the University are deductible, whether the donor pays the premiums directly or contributes the premium amount to the University. However, premiums paid directly to the insurance company are likely to be treated as a gift "for the use of" the University rather than "to" the University and will thus be limited to 30%, rather than 50%, of the donor's contribution base. This is a problem only if the donor's income is not great in proportion to the size of the premium or the donor makes other substantial gifts limited to 30% in the same year. The problem is avoided if the donor contributes the premium amount to the University and the University pays the premium.



II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

6. Personal Services and Out-of-Pocket Expenses

PERSONAL SERVICES AND OUT-OF-POCKET EXPENSES

Unreimbursed out-of-pocket expenses incurred in performing service for the University may be deductible, provided they are directly connected with, and solely attributable to, the services that were rendered to the University. The deciding factor is whether the donor or the University is the primary beneficiary of the expenses. For example, if an alumnus is volunteering to make telephone calls to raise funds for a class gift, the calls are deductible as a charitable expense if the alumnus confines the conversation to the subject of the class gift. If, however, the alumnus telephones an alumna both to request a gift for the class fund and to rekindle an old friendship, the cost of the telephone call would not be deductible.

Examples of out-of-pocket expenses that are generally deductible include:

- Travel and transportation costs, including tolls and parking fees, but not the cost of general maintenance or repair, depreciation, or insurance for the vehicle;
- Cost of meals and lodging, but only if traveling away from home as an authorized representative of the University;
- Expenses incurred by officers of charitable organizations in performing their official duties;
- Expenses incurred in attending conferences and other functions in an official delegate capacity. Expenses are nondeductible, however, if they are for attending solely as a member of a charity.

However, a donor may not deduct the value of the time spent in performing services contributed to the University. For example, carpenters, lawyers, mechanics, artists, etc., may not deduct for their own donated time.

The fact that an act of generosity is not deductible does not mean that it cannot be acknowledged. However, care should be taken not to create a paper trail that would appear to substantiate a tax deduction. For example, a letter of acknowledgment should not refer to what was done as a "gift" or attribute a value to it. Contributions of services only are generally not reported as gifts for the same reason. Contributions of substantial out-of-pocket expenses may be reported and valued based on invoices or similar documentation.

II. GIFT ADMINISTRATION PROCEDURES

D. SPECIAL PROCEDURES FOR VARIOUS TYPES OF NONCASH GIFTS

7. Bargain Sales

BARGAIN SALES

A bargain sale occurs when a donor transfers property to a charity in exchange for a payment that is less than the fair market value of the property. Typically, such transactions occur when a donor has a piece of property that has appreciated greatly in value that the donor cannot afford to part with as an outright gift.

In such cases, the gift is considered to be the amount by which the fair market value exceeds the payment; however, the donor's cost basis must be allocated to both the sale and the gift, reducing the amount of the allowable charitable deduction.

Gifts of real property that are transferred subject to a mortgage are considered bargain sales by the IRS, the amount of the gift being the fair market value of the property reduced by the amount of the mortgage. This is true even if the donor agrees to be responsible for the mortgage.

It is sometimes difficult to distinguish between a bargain sale and a discount, especially when tangible property is involved. In such cases, the IRS has held that a key element is that of "detached and disinterested generosity", i.e., the donor's intent must be to make a gift. For example, in a tax court case, a deduction for a bargain sale was disallowed because the court found that the purchase price agreed upon by the donor and the charity was primarily the outcome of business negotiations. Therefore, if a bargain sale is being arranged, it is advisable that the donor and the University clearly document from the outset the donor's intention to sell for less than the fair market value, including a letter of gift from the donor and a letter of acceptance by the University.

II. GIFT ADMINISTRATION PROCEDURES
E. BEQUESTS AND DEFERRED GIFTS
1. Bequests and Testamentary Gifts

BEQUESTS AND TESTAMENTARY GIFTS

General Information

OGC handles all bequests and testamentary gifts to The Regents. If a notice or other information about a bequest is received at the campus, it should be forwarded immediately to OGC.

If difficulties are foreseen in administering the gift in accordance with the donor's terms, OGC should be notified immediately. Any other inquiries regarding the administration of estates in which the University has an interest should also be directed to OGC.

If OGC receives notice of a bequest directly, OGC will inform the appropriate campus gift officer if a campus has been clearly specified. It also provides information regarding the estimated value of the bequest as soon as that estimate becomes available. At the time of distribution of a probate or trust estate, OGC furnishes the campus with a Record of Distribution, which will notify the campus of the gift and its use.

OGC notifies the Director–Development Policy and Administration, IAOP, of all bequests, whether or not a campus is specified. Bequests not designated for a specific campus are allocated through the review process described in Section IV. B.

Regents' Items are not prepared for the acceptance of bequests.

Receipts for Bequest Assets

When assets are distributed from an estate, only the Chief Investment Officer, the Associate Chief Investment Officer, and the Assistant Chief Investment Officer are authorized to execute the necessary receipts on behalf of The Regents. When items of personal property, such as books, sculpture, or paintings, are bequeathed to a specific campus, an executor/trustee often will request that the University take possession of the items before distribution of the estate. If OGC receives such a notice, it will contact the Development Office of the campus involved and request that a representative of the University arrange directly to take delivery of the items from the executor/trustee or the attorney for the executor/trustee. In this instance, it is acceptable for the representative to sign an interim receipt for the items. OGC should be notified when the University has taken possession of the property.

Reporting Bequests

Bequests are reported after they have been distributed to the University. Campus Chancellors will be notified by the President if an unrestricted systemwide gift has been allocated to their

campus at which time the campus should report the bequest as a gift.

“Expectancies,” based on notice that a donor has included the University in his/her will, are reported only if accompanied by a legally enforceable contract.

Testamentary Trusts

A testamentary trust vIA the donor’s Will may be used to establish any of the deferred gifts described in Section II. E. 2. Donors generally use this method to provide a lifetime gift of an income interest to a friend or relative and at the same time to make a gift to charity. Such gifts qualify for an estate tax deduction and are therefore especially useful for estate planning purposes.

Testamentary trusts may be administrated by either The Regents, a campus foundation, or an external trustee. Assets of trusts to be administered by the University are reported as gifts when they are transferred to the University. For gift reporting purposes, assets of externally held trusts should be reported at the fair market value of the University’s portion of the trust assets at the time the University is officially notified of its interest in the trust, provided that the University has an irrevocable right to all or a part of the income or remainder interest; for accounting purposes, these gifts will normally be recorded at a value of \$1 equity.

For gift reporting purposes, earnings on trust assets, whether administered by the University or by others, are treated as income, and not as gifts.

More detailed instructions on the reporting of the various types of trusts may be found in the Gift Counting Standards on IA’s website.

II. GIFT ADMINISTRATION PROCEDURES
E. BEQUESTS AND DEFERRED GIFTS
2. Deferred Gifts

DEFERRED GIFTS

The term "deferred gifts" covers a class of gifts that share a common characteristic:

the gift is divided into a present interest and a future interest, and the donor irrevocably gives one interest but either personally retains the other interest or retains it for another beneficiary.

For this reason, the gift is sometimes referred to as a split-interest gift. The term deferred gift historically arose because, in the most common forms of this type, the donor retains the present interest and gives the future interest to charity. However, this is not always true (for the most obvious example see "Charitable Lead Trusts", below), and in any case the donor has not deferred making a gift, but has only deferred the time when the University may enjoy the benefit of the gift. For this reason, the term "planned gifts" is frequently used.

Deferred Giving Vehicles

The IRC recognizes various basic types of deferred gift vehicles, of which The Regents currently accept the following:

- charitable remainder annuity trusts;
- charitable remainder unitrusts;
- pooled income funds, and
- charitable lead trusts.

Before acceptance by The Regents, provisions of a proposed trust are to be submitted to IAOP, which will coordinate review of the trust terms with the Office of the Chief Investment Officer and OGC. Text for pooled income fund agreements and charitable gift annuity contracts are provided by Institutional Advancement.

Charitable Remainder Annuity Trust

A charitable remainder annuity trust is created when cash or securities (or, in exceptional cases, income-producing, debt-free real property) is irrevocably transferred from the donor to a trustee in return for a guaranty that named beneficiaries will receive, at least annually, a fixed-dollar amount established at the time of the transfer of assets. This fixed amount must be at least five percent of the fair market value of the trust assets at the time of transfer, and must be paid from principal if earned income does not reach a level at least equivalent to the guaranteed annuity. Any excess income over the required annuity payment to the beneficiaries is returned to the trust

principal for reinvestment.

The donor receives a charitable income tax deduction equal to the value of the remainder interest and, if the trust is funded with appreciated property or securities, the donor avoids all tax on capital gains (although the appreciation is a preference item for purposes of the alternative minimum tax).

No formal minimum amount is required to establish a charitable remainder annuity trust. For gifts to The Regents a minimum guideline of \$250,000 has generally been used, although, depending on the circumstances of the gift, a larger or smaller amount may be appropriate.

Once an annuity trust has been established, no additional gifts may be made to the trust; it is possible, however, to establish additional annuity trusts. Charitable remainder annuity trust assets may be pooled with other assets for investment purposes.

A charitable remainder annuity trust may be established for the lifetimes of one or more individuals, or for a fixed term not to exceed twenty years. Payments from the trust may continue to a beneficiary after the donor is deceased, but may not continue beyond the lives of the originally named beneficiaries, all of whom must be living when the trust is established.

Charitable remainder annuity trusts are valued by the University for reporting purposes at the amount of cash or the fair market value/net present value of other assets at the time they are received, unless it is anticipated that the principal will be invaded to meet the payout obligation, in which case the gift should be reported at its estimated net realizable value.

Charitable Remainder Unitrust

A charitable remainder unitrust is identical to a charitable remainder annuity trust, except that payments to beneficiaries are based on a fixed percentage (not less than five percent) of the net fair market value of the trust as valued as of a certain day each year. For purposes of calculating the payment to the beneficiary, the fair market value of the trust is redetermined at least annually. Unlike annuity trusts, the payments from unitrusts may therefore increase (or decrease) over time, potentially providing a hedge against inflation. Also unlike annuity trusts, a unitrust is permitted to receive additional contributions. As with annuity trusts, unitrust assets may be pooled with other assets for investment purposes.

The donor receives a charitable income tax deduction equal to the value of the remainder interest and, if the trust is funded with appreciated real property or securities, the donor avoids all tax on capital gains (although the appreciation is a preference item for purposes of the alternative minimum tax).

As with charitable remainder annuity trusts, there is no formal minimum gift required, although the same guideline of \$250,000 has generally been used, depending on the circumstances of the gift.

A unitrust's earnings may be less than the prescribed percentage of the market value of the trust

assets. In this case, one of several things may happen. If the trust is not a net income unitrust and income is insufficient, the principal will be invaded to make the payments to the beneficiaries. In the case of net income unitrusts, however, only the net income is paid to the beneficiaries; the principal remains inviolate. Depending on the trust's terms, the income payout for subsequent years may exceed the fixed percentage stated in the trust agreement in order to compensate for any deficiencies from prior years in which the trust earned less than the stated percentage (called a "makeup provision"), or there may be no provision for recovery of the shortfall in subsequent years.

For all charitable remainder unitrusts, regardless of type, any excess income earned over the stipulated payout is returned to the trust principal for reinvestment. As with an annuity trust, a unitrust may be established for the lives of one or more individuals, or for a fixed term not to exceed twenty years.

Payments from a unitrust may continue to a beneficiary after the donor is deceased, but may not continue beyond the lives of the originally named beneficiaries, all of whom must be living at the time the trust is established.

Charitable remainder unitrusts, like charitable remainder annuity trusts, are valued by the University for reporting purposes at the amount of cash or the market value of property or securities at the time the assets are received.

Pooled Income Funds

Pooled income funds resemble charitable remainder trusts in that assets are given irrevocably to the University in trust, and the donor or other designated beneficiary retains a life interest in the income earned on the gift. Pooled income funds also resemble mutual funds, in that the income generated by a pooled fund is paid on a prorated basis to all the participants in the pool.

Donors' gifts to pooled income funds are held for investment purposes in one pool, which functions similarly to a mutual fund. When a donor makes a gift to the fund, units are assigned to the named beneficiaries based on the market value of the gift. The income from the pool is then prorated and paid periodically to each beneficiary on the basis of the number of units assigned. Because the fund's entire income must be distributed each year, the income stream to the donor is potentially greater (or less) than is the case with a charitable remainder trust. (Capital gains are not distributed to donors but are retained by the pool.)

Because of different investment criteria, and because certain management costs are avoided, smaller gifts may be more appropriate for pooled income funds than for charitable remainder trusts. The minimum gift to enroll in one of the University's pooled income funds is \$20,000, with additions of as little as \$5,000 accepted.

Cash or marketable, taxable securities can be donated; gifts of tax-exempt securities cannot be accepted because they would disqualify the pool. By the same token, a check drawn on a tax-exempt money fund should not be accepted. In unusual cases, gifts of real property and closely held stock may be accepted with approval from the Office of the President. However,

because the pool would assume liability from the donor for short-term capital gains taxes, the University will not normally accept into the pooled income funds securities that have been held for less than the minimum long-term capital gains holding period. To avoid delay of deposits into the fund, securities should be sent directly to the Chief Investment Officer of The Regents. If there is anything unusual about the securities, the Office of the Chief Investment Officer should be consulted beforehand.

The donor receives a charitable income tax deduction equal to the value of the remainder interest and, if the donor gives securities, all tax on capital gains is avoided (although the appreciation is a preference item for purposes of the alternative minimum tax).

Pooled income fund gifts are valued by the University for reporting purposes at the amount of cash or the market value of securities when the assets are received.

Charitable Lead Trust

A charitable lead trust is the "mirror image" of a charitable remainder trust and, as with remainder trusts, may be structured either as an annuity trust or as a unitrust. A charitable lead trust is established when assets are transferred to a trustee, with instructions to make designated payments to the University for a specified period, invading principal if necessary. On termination of the trust, assets either revert to the donor or pass to the noncharitable beneficiary named by the donor. Charitable lead trusts may, therefore, be especially useful for estate planning purposes.

No gift should be reported for the transfer of the corpus of a charitable lead trust, nor should an estimate be made of the present value of the income interest. Rather, income from charitable lead trusts should be reported as a gift in each year income is received.

Donations Sometimes Classified as Deferred Gifts

Some donations are considered deferred gifts under certain circumstances: charitable gift annuities; real property, if the donor retains a life interest in the property; life insurance, if premiums will be paid to maintain the policy rather than surrendering the policy for cash; installment bargain sales; and externally held trusts, if they are charitable remainder or charitable lead trusts.

Charitable Gift Annuity

Charitable gift annuities resemble commercial annuities issued by insurance companies, except that the annuitant (donor) tenders a greater sum of money (the "gift" portion of the transaction) and in turn receives a partial charitable income tax deduction for the gift. The charity agrees to pay the donor (or another annuitant) a fixed sum of money annually, usually for the remainder of that person's life.

The charitable gift annuity resembles a charitable remainder annuity trust in that the annuitant

receives a fixed payment, except for the following significant differences:

- a charitable gift annuity is a general obligation of the charity; a charitable remainder annuity trust is backed only by the portfolio of the trust, and therefore if the trust is exhausted, the annuity ceases;
- for the initial years of a gift annuity (until the donor has surpassed his or her life expectancy) part of the payment of a gift annuity is regarded as a return of principal and is therefore tax free; payments received from an annuity trust are often fully taxable as ordinary income; and
- it is feasible to accept much smaller amounts for gift annuities than for charitable remainder annuity trusts. The current minimum gift required is \$20,000.

Another vehicle, not technically a deferred gift, is the charitable gift annuity, a contract entered by a charitable organization and a donor to provide a lifetime annuity for up to two persons, in exchange for a current gift.

Real Property with a Retained Life Interest

Donors may give a remainder interest in a personal residence or farm and receive an immediate charitable income tax deduction, while enjoying the use of the property for the rest of their lives. These gifts may be especially attractive to donors on fixed incomes whose houses may have appreciated substantially in value, because capital gains are avoided (although the appreciation is a preference item for purposes of the alternative minimum tax) while a large income tax deduction is usually generated.

A personal residence qualifies as a gift even if it is not the donor's primary residence (e.g., a vacation home). The furnishings, unless they are fixtures, are by definition not included in the gift of the residence. Donors may not receive an income tax deduction on a gift of a future interest in the furnishings.

A gift of a farm also qualifies. A farm is defined as land that is used for the production of crops, fruits, or agricultural products, or for the sustenance of livestock. The donor need not make a gift of the entire farm; any portion of the acreage used as a farm may be given.

The donor makes the gift by executing a deed to the property. When a gift of a remainder interest in a residence or farm is proposed, it must be determined in advance who will pay for taxes and other costs of maintaining the property (*see* Section II. D. 2. for more information about gifts of real property).

Life Insurance

When a life insurance policy is given, it may be surrendered immediately for its cash value, or it may be maintained, in which case it is considered a deferred gift.

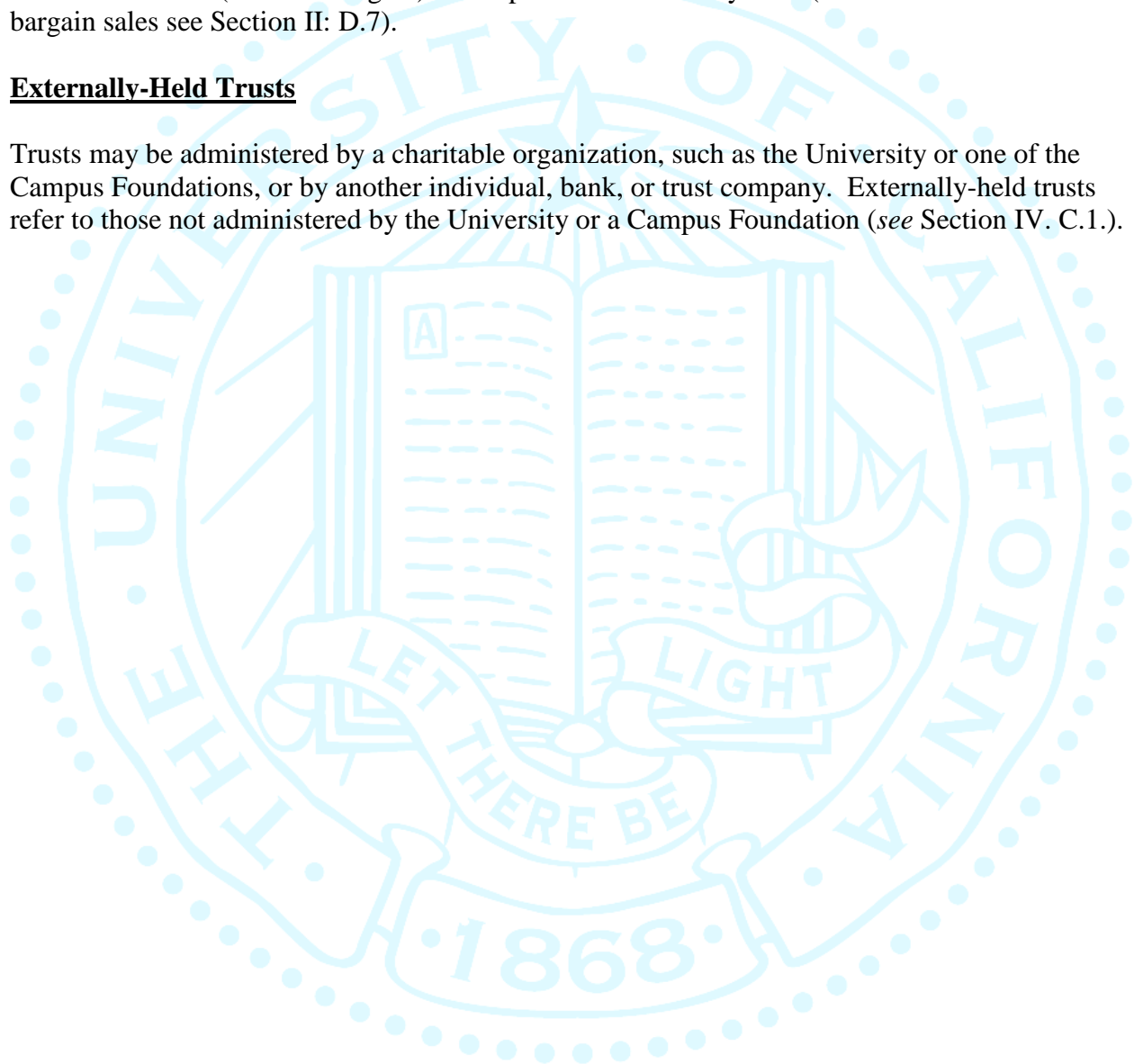
For more information, *see* Sections II. C. and D. 5.

Installment Bargain Sale

An installment bargain sale occurs when the University makes at least one payment on the property in a year after the year in which the sale is made. The installment sale permits the donor's cash flow (and taxable gain) to be spread over several years. (For more information on bargain sales see Section II: D.7).

Externally-Held Trusts

Trusts may be administered by a charitable organization, such as the University or one of the Campus Foundations, or by another individual, bank, or trust company. Externally-held trusts refer to those not administered by the University or a Campus Foundation (*see* Section IV. C.1.).



II. GIFT ADMINISTRATION PROCEDURES

F. RETURN AND SALE OR OTHER DISPOSITION OF GIFT PROPERTY

1. Returning Gifts

RETURNING GIFTS

In certain instances, it may be difficult or impossible to administer a fund under its original terms. For procedures for reallocating gifts *see* Section IV. B.

Additionally, Section 100.4(v) of the Standing Orders of The Regents authorizes the President:

. . . after consultation with the General Counsel, to return to the donor all or any unused portion of a gift of personal property, when the purposes of the gift have been fulfilled or fulfillment has become impossible or impractical and when alternative uses are precluded.

On June 5, 1969, under DA 225 (*see* http://policy.ucop.edu/_files/da/da0225.html), this authority was delegated to Chancellors and to the Vice President-Agriculture and Natural Resources. This delegation of authority remains in effect.

II. GIFT ADMINISTRATION PROCEDURES

F. RETURN AND SALE OR OTHER DISPOSITION OF GIFT PROPERTY

2. Sale or Other Disposition of Donated Property

SALE OR OTHER DISPOSITION OF DONATED PROPERTY

From time to time, items of University property acquired by gift lose their usefulness and circumstances arise in which they might be sold, traded, or otherwise disposed of in order to acquire other items of greater usefulness in fulfilling the purpose and intent of the original gift.

The University is legally bound to fulfill the terms and conditions of any gift, as specified by its donor, before any disposition is made. Therefore, the original gift terms must be reviewed to determine whether the language, either expressly or by implication, prohibits disposition of the donated property. Questions of interpretation should be referred to OGC. In the absence of such restriction, disposition in accordance with established University policy for the disposition of surplus property is legally permissible.

However, three other factors should be considered before donated property is disposed of:

- For items of tangible property, (e.g., books, equipment, objects of art), disposition while the donor's tax return for the year of the gift is still open to audit (normally three years from the filing date) could cause a reduction in the amount of the donor's charitable tax deduction. To avoid such an untoward result, IAOP or OGC should be consulted whenever disposition of a gift of tangible property is being considered within two years after the date of gift.
- Consideration should be given to whether consultation with the donor, the donor's family, or friends is needed to insure that relations with them will not be adversely affected by the proposed disposition.
- Finally, the Tax Reform Act of 1984 requires the University to file a Donee Information Return (Form 8282) with the Internal Revenue Service whenever it disposes of gifts valued in excess of \$5,000 (including tangible property, real property, and nonpublicly traded stock) within three years of its receipt (*see* Section II. C. 4.).

Gifts of real property can be disposed of only by action of The Regents or, in limited cases, by the President or the Executive Vice President – Business Operations (*see* DA 2237 dated September 3, 2009 at <http://policy.ucop.edu/files/da/da2237.pdf>).

III. REQUIREMENTS FOR REPORTING GIFTS

A. OVERVIEW

OVERVIEW

Chapter III provides information about the UCARS from which reports regarding gifts to the University are prepared by Institutional Advancement from information that is supplied by the campuses and the CAE Survey of VSE.

In 1982, the CASE, together with the NACUBO, issued a publication entitled *Management Reporting Standards for Educational Institutions: Fundraising and Related Activities*. The intention of this publication was to establish classifications for gift reporting that would standardize the reporting of fundraising results from institution to institution. The latest edition, published in 2009, is the *CASE Reporting Standards & Management Guidelines for Educational Fundraising, 4th Edition*. The University has adopted this edition for reporting with certain changes. These required classifications, as well as those used for internal reporting purposes, are explained in Section III. B. and Section VII. A. Campuses are asked to maintain data regarding gifts and private grants in accordance within these classifications. UCARS sample reports follow in Section VII. B.

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
1. Gift or Private Grant

GIFT OR PRIVATE GRANT

CASE, in its *Reporting Standards & Management Guidelines for Educational Fundraising, 4th Edition*, discusses this issue. Gifts are “philanthropic transactions” where “...the institution has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies.” Grants are “...received by an institution ...typically ...from a corporation, foundation, or other organization, rather than an individual. An institution may determine that what a donor calls a grant is, for internal recordkeeping, a gift.”

No single indicator is, by itself, a characterization of a “Gift” vs. a “Grant”. The names, in practice, have been used interchangeably so all factors must be weighed to make a final decision as to the true nature. Generally:

A “**Gift**” (a *philanthropic transaction*) is an item given by a donor who expects nothing significant of value in return, other than recognition and disposition of the gift in accordance with the donor's wishes.

A “**Grant**” (an *exchange transaction*) is reciprocal in nature - each party is giving and receiving something of relatively equal value in the transaction.

Often, donors will require financial reports or narratives from the recipient in order to demonstrate that they, as a sponsor, are meeting the criteria required of a charitable organization. These financial reports by themselves do not constitute conditions of a "Grant."

Stewardship alone in financial reporting does not constitute a condition of a "Grant."

Governmental (federal or state) money should always be treated as a “Grant”.

Unfortunately, these characteristics are sometimes revealed only “after the fact,” as part of the terms and conditions on an award.

Characteristics typical of a “Gift” may include:

- There is donative intent and the award is voluntary
- It is non-reciprocal (there is no exchange of goods or services)
- The donor retains no intellectual property rights

- Funds are non-returnable if spent in accordance with donor's wishes
- The donor does not prescribe the method of performance
- There is no specific period of time associated with the award
- The funds are unrestricted or very generally restricted (e.g.: "Funds to be used in support of the research of Dr. Y")
- The donor may inquire how funds have been spent and require general "stewardship reports"

Characteristics typical of a "Grant" include:

- A line-item, detailed budget
- Provision for a possible audit
- A detailed methodology or precise scope of work
- A specific period of time (and sometimes milestones) associated with the award
- The requirement that funds unexpended for the purpose of the award be returned
- The use of animal or human subjects
- A requirement for detailed financial and technical reports
- The sponsor's retaining (some) intellectual property rights

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
2. The Regents of the Campus Foundation

THE REGENTS OR THE CAMPUS FOUNDATION

This category identifies whether private support is intended by the donor for The Regents or a Campus Foundation. These definitions are mutually exclusive; a gift or private grant should be classified as being either to The Regents or to the Campus Foundation. Donations made to University Support Groups should be classified at the time the Support Group transfers funds to The Regents or the Campus Foundation.

The Regents

Gifts and private grants that are intended for The Regents are covered by this classification.

Campus Foundation

Gifts and private grants to a Campus Foundation are covered by this classification. Gifts and private grants to a Campus Foundation that are transferred to a Regents' account are reported only once, as gifts to a Campus Foundation.

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
3. Current or Capital Endowment

CURRENT OR CAPITAL/ENDOWMENT

This category identifies whether private support is intended by the donor or grantor for current or for capital/endowment purposes. These definitions are mutually exclusive; each contribution should be classified as support for current operations or support for capital/endowment purposes.

Current Operations

Gifts and private grants that are restricted for a non-endowment, non-capital purpose, or gifts that are completely unrestricted, should be classified as support for current operations.

Capital/Endowment

Capital or endowment support includes both:

- a) Non-monetary gifts, real or personal property, or equipment; and
- b) Gifts and private grants restricted by the donor or grantor for one of the following:
 - the purchase of land, buildings, and/or related facilities;
 - construction, major renovation, and/or retirement of indebtedness;
 - endowment (including charitable remainder trusts and related deferred-giving instruments, whether or not the remainder interest is restricted for endowment); or
 - student-loan funds.

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
4. Source

SOURCE

This category identifies the type of donor and covers gifts made both to The Regents and the Campus Foundations. The definitions within this category are mutually exclusive; the single definition that best describes the donor should be used.

Individuals

Alumni

Alumni are defined as former undergraduate or graduate students, full- or part-time, who have earned some credit toward a degree offered by any campus of the University of California.

Other Individuals

All individual donors who are not alumni are covered by this classification, including: parents; enrolled students; faculty; staff; and trustees.

Organizations

Campus-related Organizations

This classification covers student groups, alumni associations, and University Support Groups, but not the Campus Foundations. Transfers from the Campus Foundations to The Regents should be reported in the classification appropriate to the original donor when originally received by the Campus Foundation as a gift to the Foundation.

For-Profit Entities

This classification covers both for-profit entities and non-profit entities that are funded by for-profit entities.

For-profit entities are defined as corporations, businesses, partnerships, and cooperatives that have been organized for profit-making purposes, including corporations owned by individuals and families, incorporated professional individuals, and other closely held companies.

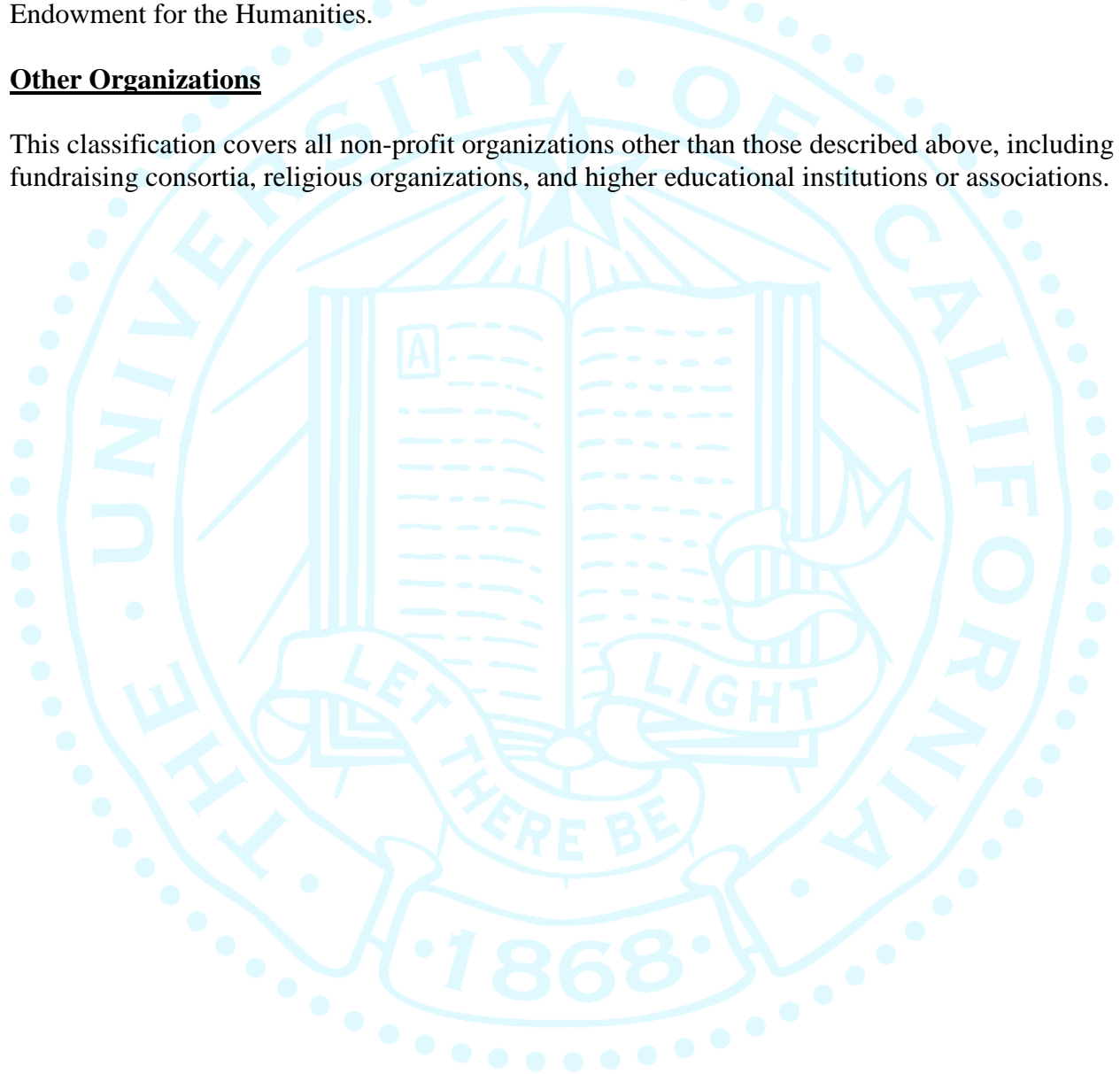
Examples of non-profit entities that are funded by for-profit entities include: industry or trade associations; professional, union, or lobbying organizations; and non-profit organizations funded by one or more companies or individuals operating for profit, including corporate foundations.

Non-Profit Foundations or Charitable Trusts

This classification covers private tax-exempt entities established and operated exclusively for charitable purposes; non-profit foundations or charitable trusts, including funds or endowments designated by the IRS as grantmaking foundations; community foundations; family foundations; or charitable trusts. This classification excludes corporate foundations (which are classified as for-profit entities), campus foundations, or quasi-government entities such as the National Endowment for the Humanities.

Other Organizations

This classification covers all non-profit organizations other than those described above, including fundraising consortia, religious organizations, and higher educational institutions or associations.



III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
5. Purpose

PURPOSE

This category identifies the intended use of private support as designated by the donor or grantor. The classifications within this category are mutually exclusive; the single definition that is most descriptive should be used.

Research

This classification applies to private support that is restricted to scientific, technical, and humanistic investigation, including salaries and other support of research projects.

Student Financial Aid

This classification is restricted to non-repayable financial aid to undergraduate or graduate students, including scholarships, fellowships, awards, prizes, and private support for work-study students.

Loan Funds

This classification is restricted to funds for loans to undergraduate or graduate students.

Instruction

This classification is restricted to support of seminars, conferences, lecture programs, and teaching awards, including salaries, honoraria, and employee benefits.

Operation and Maintenance of Physical Plant

This classification is restricted to support of ongoing operation of the physical plant, including its buildings and grounds, other facilities, and equipment.

Property, Buildings, and Equipment

This classification includes gifts and private grants of real and personal property, including equipment and works of art (except library materials, see below) for use by the University. It also covers gifts and private grants that are restricted by the donor or grantor to purchase buildings, other facilities, equipment, and land for use by the University; or to construct or carry out major renovation of buildings and other facilities; or to retire indebtedness.

Departmental Support: Unrestricted

This classification covers gifts that are restricted by the donor to a particular academic division, department, or unit, but otherwise unrestricted.

Departmental Support: Restricted

This classification covers gifts that are restricted by the donor to a particular academic division, department, or unit, and further restricted by the donor to a particular purpose for which no other purpose category is listed, including endowed chairs.

Departmental Support: Restricted for Agriculture

This classification is used by the Berkeley, Davis, and Riverside campuses and the Office of the President only. It covers gifts and grants that have been given for support of agricultural research and public service, but excludes instruction and student financial aid. The information in this classification was formerly included in a separate report, the Agricultural Science Gift and Private Grant Report.

Library

This classification applies to gifts of library materials or gifts that are restricted to acquire, restore, and preserve books, periodicals, manuscripts, maps, and related materials; to acquire audiovisual and other equipment; or to support other activities of campus libraries.

Non-Instructional Services

This classification applies to support of non-instructional services beneficial to individuals and groups external to the University (e.g., exhibits, museums, and similar facilities).

Current Operations: Unrestricted

This classification covers gifts made by the donor for current use without restriction, regardless of any subsequent administrative designation of purpose.

Endowment: Unrestricted

This classification covers gifts restricted by the donor for endowment but otherwise unrestricted by the donor as to use of endowment income.

Other Restricted Purposes

This classification covers gifts that are restricted by the donor or grantor, but not otherwise classifiable into any of the above categories.

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
6. Type of Asset

TYPE OF ASSET

This category identifies the form (type of asset) of a gift at the time it is transferred to the University. The classifications within this category are mutually exclusive; the single classification that best describes the type of asset should be used.

In general, Deferred Gifts (e.g., Charitable Remainder Trusts, Pooled Income Funds, Charitable Lead Trusts, Externally Held Trusts, and, in some cases, Insurance Policies) should be reported in one of the following five categories in accordance with the form the reportable assets take; in cases when it may be difficult to ascertain the form of assets (e.g., externally held trusts), reportable assets should be recorded as cash.

Cash

This classification covers currency, coins, checks, money orders, and bank drafts.

Securities

This classification includes stocks, bonds, and related instruments such as promissory (mortgage) notes (and insurance policies if maintained rather than surrendered for cash.) See Section II. D. 1. for information on valuation of securities that are processed.

Real Property

This classification applies to real estate, including land, buildings, and other improvements; and to oil, mineral, and related rights. Real property is generally to be reported at its fair market value (see Section II. C. 3.).

Nonmonetary Items

This classification applies to personal or company property (except securities and real property), including works of art, books, and scientific and other equipment. Nonmonetary gifts are generally to be reported at their fair market value (*see* Section II. C. 6.).

Pledges

This definition applies to the promise to make a gift or private grant, the amount of the gift or grant to be paid subsequently by the donor, usually in installments.

III. REQUIREMENTS FOR REPORTING GIFTS
B. REPORTING CATEGORIES AND DEFINITIONS
7. Bequest or Deferred Gift

BEQUEST OR DEFERRED GIFT

This category identifies gifts originating by bequest or through a deferred giving vehicle. These definitions are mutually exclusive; a gift should be classified either as a bequest or as a deferred gift.

Bequests

Bequests are defined as the actual assets received by provision of Will or by court order at the distribution of estate assets following a donor's death. For additional information about bequests, see Section II. E. 1.

Deferred Gifts

These include charitable remainder unitrusts, charitable remainder annuity trusts, charitable lead trusts, pooled income funds, externally held trusts, real property with a retained life interest, and life insurance if it is maintained rather than surrendered for cash. For additional information regarding deferred gifts, see Section II. E. 2.

III. REQUIREMENTS FOR REPORTING GIFTS
C. REPORT DESCRIPTIONS
1. UCARS

UCARS

UCARS is the data entry point for most advancement information (*see* <http://ucars.ucop.edu/?action=login>). It is the responsibility of each campus to input their data, on a quarterly basis, in accordance with the following schedule:

Quarter In Which Gift Accepted	Due in Office of the President	For Regents' Meeting Of
July, August, September	November 1	January
October, November, December	February 1	March
January, February, March	May 1	July
April, May, June	August 1	September/November

Each campus enters its data into UCARS for the following reports:

	CAE (CASH) Convention		REGENTS Convention	
	Regents	Foundation	Regents	Foundation
QUARTERLY DATA ENTRY				
Primary Data	X	X	X	X
Supplemental Data	X	X	X	X
Participation Data			Totals for campus	
Planned Giving	X	X		
Major Donors			Gifts of \$1,000,000 and over for campus	
Foreign Gifts			Gifts from foreign based donors by country for campus	
ANNUAL DATA ENTRY				
Performance Metrics Summary	Only reported annually			
Performance Metrics Goals				
Performance Metrics by Source				
Performance Metrics by Dollar Ranges				

A description of the data elements in these reports is included in Section VII. B.

III. REQUIREMENTS FOR REPORTING GIFTS
C. REPORT DESCRIPTIONS
2. Council for Aid to Education (CAE) Survey

COUNCIL FOR AID TO EDUCATION (CAE) SURVEY
OF VOLUNTARY SUPPORT OF EDUCATION (VSP)

The CAE report is intended to provide information on private support to the University for inclusion in the major national survey of such support to educational institutions. The figures supplied for the CFAE report should combine support to The Regents and to the Campus Foundation and should include pledge payments but exclude pledges. Campuses are asked to submit figures for the fiscal year ending June 30 to Development Policy and Administration, Office of the President, by approximately November 1 of each year. Do not return the report directly to CAE.

The forms for the CAE report are issued each year with detailed instructions and will be forwarded to the campuses by Development Policy and Administration, Office of the President. The information that CAE requests varies slightly from year to year. Part I is completed by the Office of the President, and only the remaining sections (sample at the end of this section) are completed by the campuses.

The CFAE report employs the CASE/NACUBO guidelines discussed in the Overview (*see* Section V. A.). The University has adapted these guidelines, with the result that our reporting categories do not completely correspond to the CFAE report. The instructions that are issued each year by CAE and the Office of the President should be followed when completing the remaining parts of the report.

Gifts for Current Operations

See Section V. B. 3., Current or Capital/Endowment, for information regarding the classification of funds for current use or for capital/endowment purposes.

The CAE report asks for a breakdown of the total amount of private support for current operations received from each of several sources, cross-reported by the purpose for which they were received (*see* Sample Report Format at the end of this section).

SOURCE

The source categories used by CAE are listed below, together with references to the definitions corresponding to them as adapted from the CASE/NACUBO guidelines (*see* Section V. B. 4.) and any instructions modifying the use the University makes of the CAE categories.

Source Category	Definition / Instructions
Individuals	
Alumni	See "ALUMNI"
Parents	Do Not Report Separately. Include all private support from Parents in CFAE Category for "Individuals: Other"
Other	See "OTHER INDIVIDUALS"
Organizations	
Foundations	See "NON-PROFIT FOUNDATIONS OR CHARITABLE TRUSTS"
Corporations, Businesses	See "FOR-PROFIT ENTITIES"
Religious Organizations	Do Not Report Separately. Include all private support from religious organizations in CFAE Category for "OTHER ORGANIZATIONS".
Fund-Raising Consortia	Do Not Report Separately. Include all private support from fundraising consortia in CFAE category for "OTHER ORGANIZATIONS".
Other	See "OTHER ORGANIZATIONS"

PURPOSE

The purpose categories used by CAE are listed below, together with references to the definitions corresponding to them as adapted from the CASE/NACUBO guidelines (*see* Section V. B. 5.) and any instructions modifying the use the University makes of the CAE categories.

Unrestricted	See "CURRENT OPERATIONS: UNRESTRICTED"
Academic Divisions	See "DEPARTMENTAL SUPPORT: UNRESTRICTED"
Faculty and Staff Compensation	See "INSTRUCTION"
Research	See "RESEARCH"
Public Service and Extension	See "NON-INSTRUCTIONAL SERVICES"
Library	See "LIBRARY"
Operation and Maintenance of Physical Plant	See "OPERATION AND MAINTENANCE OF PHYSICAL PLANT"
Student Financial Aid	See "STUDENT FINANCIAL AID"
Other Restricted Purposes	Combine "OTHER RESTRICTED PURPOSES" and "DEPARTMENTAL SUPPORT: RESTRICTED" and "DEPARTMENTAL SUPPORT: RESTRICTED FOR AGRICULTURE"

Gifts for Capital Purposes

The CAE report also asks for a breakdown of gifts received for capital or endowment purposes. *See* Section V. B. 3. for information regarding the classification of funds for current use or for capital/endowment purposes. The CAE report employs the same source definitions for this section that were used for gifts for current operations (see above). The CFAE report organizes the information for purpose differently in the division for capital/endowment purposes than it does for gifts for current operations.

The purpose categories used for this section are listed below, together with references to the definitions that correspond to them as adapted from the CASE/NACUBO guidelines (*see* Section V. B. 5.) and any instructions modifying the use the University makes of the CAE categories.

Purpose Category	Definition / Instructions
Property, Buildings, and Equipment	See "PROPERTY, BUILDINGS AND EQUIPMENT"
Endowment and Similar Funds	
Unrestricted Income	See "ENDOWMENT: UNRESTRICTED"
Restricted Income	For Part III, Combine "DEPARTMENTAL SUPPORT: UNRESTRICTED" and "INSTRUCTION" and "RESEARCH" and "NON-INSTRUCTIONAL SERVICES" and "LIBRARY" and MAINTENANCE OF PHYSICAL "OPERATION AND PLANT" and "STUDENT FINANCIAL AID" and "OTHER RESTRICTED PURPOSES" and "DEPARTMENTAL SUPPORT: RESTRICTED" AND "DEPARTMENTAL SUPPORT: RESTRICTED FOR AGRICULTURE"

*Note: Part IV, A asks for sub-totals of these restricted endowment gifts. For definitions/instruction for the categories employed, refer to the chart for "Purpose" that is supplied above under gifts for current operations. Part IV, A does not ask for cross-reporting by source. (See VII. B.)

IV. FUNDS AND MANAGEMENT OF FUNDS

A. OVERVIEW

OVERVIEW

An endowment fund is a fund whose donor has stipulated that the fund principal must remain inviolate and that only income may be expended. These are referred to as “true” endowments. By contrast, a fund functioning as an endowment, or FFE, is a fund, the principal of which has been set aside by administrative action to be invested in the manner of an endowment fund (*see* Section IV. B.). Principal is held inviolate, but, because there are no legal restrictions regarding expenditure of principal, the decision to hold the principal inviolate may be reversed by appropriate administrative action.

The information contained in Chapter IV pertains both to true endowments and to funds functioning as endowments, though for the sake of convenience, they may be referred to collectively as endowments. Section F provides specific information about endowed chairs. The information contained in all other sections pertains to all endowed funds.

IV. FUNDS AND MANAGEMENT OF FUNDS

B. ALLOCATION, REALLOCATION AND ADMINISTRATION OF GIFTS AND BEQUESTS

ALLOCATION, REALLOCATION AND ADMINISTRATION OF GIFTS AND BEQUESTS

I. Proposed and restated provisions for allocation and reallocation:

- A. Delegations of authority and procedures for allocation and reallocation will be consistent for gifts and bequests received by The Regents and by the Campus Foundations.
- B. Allocation authority within the Office of the President would be held by the President; it is currently held by the Provost.
- C. The Chancellors would be granted authority for allocation and reallocation of gifts and bequests up to \$5,000,000, consistent with campus gift, grant, and capital expenditure authority. The current authority is limited to allocation of gifts and bequests up to \$500,000. Chancellors would be granted unlimited authority for funds to be designated as FFE, including gifts over \$5,000,000 from which no more than five percent of market value could be withdrawn in any one year, in addition to the standard payout. The authority may be redelegated for gifts and bequests up to \$1,000,000. These changes would require new delegations of authority to the Chancellors and the Vice President–Agriculture and Natural Resources. Acceptance of new gifts and bequests over \$5,000,000 would require Presidential approval.
- D. Presidential approval would be required to withdraw in a single year, in addition to the standard payout, more than five percent of any FFE or quasi-endowment corpus with a current market value over \$5,000,000.
- E. The Chancellor or VP–ANR and their designees would be permitted to make a withdrawal from the principal of a Regents FFE only during the fourth quarter of the fiscal year to discourage use of FFEs as passbook accounts (based on appropriate justification, emergency withdrawals from FFEs up to \$1,000,000 would be approved by IAOP, and emergency withdrawals from FFEs over \$1,000,000 would be approved by the President).
- F. An individual bequest to The Regents or to a Campus Foundation that exceeds \$5,000,000 must be submitted to the President for acceptance. In addition, it must be submitted to the President for allocation, unless such a gift or bequest is to be established as an FFE.
- G. Each allocation would be made with as few restrictions as possible, based on university need, equity across functional areas, and utility.
- H. Campuses would be required annually to monitor and review Regents and Campus Foundation endowment administration by each benefiting department to ensure timely

expenditure of payout (UCOP will provide access to an electronic database for Regents endowments and FFEs that provides expenditure information on a current basis); the objective of such review is to resolve possible accumulation issues in advance of periodic audits.

- I. Campuses would be required to conduct a periodic review of all individual Regents and Campus Foundation endowments at least every ten years. The review would assess fund administration consistent with the donor's terms, the intentions of the Chancellor or other administratively imposed terms, and whether the fund has been administered appropriately for the highest and best use within those terms. UCOP will provide access to an electronic database with current-expenditure information for Regents endowments and FFEs to assist with oversight of these funds.
- J. The guidelines articulate a procedure for campus and Presidential approval of non-gift funds used to establish an FFE, or used for addition to any gift fund, including a true endowment.
- K. When a donor has not specified the type of fund for gift administration, the University will exercise the prerogative to administer the gift as an FFE. If the Chancellor prefers a current use or plant fund for a gift in excess of \$50,000, the campus must include in the gift record justification and documentation for the benefit of current use over future use (i.e., FFE). The President must approve a campus proposal to use such a gift or bequest over \$5,000,000 for a current or plant fund.
- L. Either Campus Counsel or the OGC must review and approve as to legal form any allocation proposal for administration of a gift or bequest for which the donor has not provided complete fund terms (i.e., location, purpose, and type of fund).

II. Reiterated and clarified practices

- A. Each allocation of a gift or bequest must be consistent with a donor's interest and not be used to support areas the donor would likely not approve;
- B. Each campus at its own discretion must establish a central office of record to maintain the terms of all campus Regents and Foundation endowments and funds functioning as endowments. The central office of record in most cases is located within Advancement Services/University Relations. However, a campus may choose instead to assign the responsibility for maintaining records and conducting the required fund reviews to another office, such as campus accounting;
- C. For the first time, the long-standing practice of recognition by the University of donor gifts and bequests will be articulated in writing as an established systemwide policy.

IV. FUNDS AND MANAGEMENT OF FUNDS
C. FUND TYPES AND THEIR INVESTMENT
1. Types of Funds

TYPES OF FUNDS

Gift funds generally fall into one of the categories described below. If the donor does not designate a fund type, it is necessary to allocate the gift (*see* Section IV. B.).

Endowment Funds (True Endowments)

An endowment fund is a fund whose donor has stipulated that the fund principal must remain inviolate and that only earnings may be expended. In accepting endowment funds, the University is legally bound to keep the principal intact and to comply with donor restrictions governing the use of earnings.

Most endowment funds participate in either the GEP or a CFEP. Investments in both the GEP and CFEP's emphasize long-term growth of both income and principal while preserving and enhancing the market value of the fund. Because of the cost of fund administration in relation to projected annual income, the Office of the President uses a guideline of a minimum of \$10,000 to establish a new endowment. Each CFEP may use a different guideline minimum. For more information concerning the GEP, *see* Section IV. F. 2. For more information about endowments, *see* Section IV. D.

Funds Functioning as Endowments (FFE's)

An FFE is a fund, the principal of which has been set aside by administrative action to be invested in the manner of an endowment fund. Principal is held inviolate, but, because there are no legal restrictions regarding expenditure of principal, the decision to hold the principal inviolate may be reversed by appropriate administrative action. Funds functioning as endowments are also normally invested in the GEP or CFEP. For more information concerning the GEP, *see* Section IV. C. 2. As with True Endowments, the Office of the President uses a guideline of a minimum of \$10,000 to establish a new FFE. For more information about FFE's, *see* Section IV. D.

Externally Held Trusts

An externally held trust is one in which funds are held in trust for investment by another institution acting as trustee. The terms of these trusts vary; the University may be designated as income beneficiary, remainder beneficiary, or both. Any income disbursed to the University by the trustee is to be accounted for and used in the same manner as income from endowment funds.

Externally held trusts are recorded on the University's books for accounting purposes at the nominal value of one dollar, but are reported in gift records at the fair market value of the assets

when this information first becomes available. If the trust eventually terminates and the assets are distributed to the University, the fund is revalued for accounting purposes at that time. A determination of whether it is necessary to reallocate the fund is made at the time of such distribution.

Current Funds

If a fund is to be expended within a short time, it should be allocated as a current fund and held in an account invested in STIP. The immediate rate of return may be higher than for the GEP because no consideration is given to preserving the value of the corpus from erosion due to inflation. For more information about STIP *see* Section IV. C. 2.

Plant Funds

Funds used for construction, for renovation of facilities, or for the purchase of real property are also invested in STIP but, unlike current funds, a plant fund will normally be expended over a period of several years.

IV. FUNDS AND MANAGEMENT OF FUNDS
C. FUND TYPES AND THEIR INVESTMENT
2. Investment Pools for Gift Funds

INVESTMENT POOLS FOR GIFT FUNDS

The Office of the Chief Investment Officer of The Regents is responsible for the management of investment assets, external financing, and acquisition and sale of real property for the University of California system. These functions are carried out under the policies set forth by the Investment Committee of The Regents.

The principal activity of the Office of the Chief Investment Officer is managing the system's pension and endowment assets. Included in the assets managed by the Chief Investment Officer is all or part of the investment assets of various independent, University fundraising organizations.

The Regents maintain two pools for the investment of gift funds:

- the General Endowment Pool, and
- the Short Term Investment Pool.

Information on the Office of the Chief Investment Officer of The Regents and the assets it manages may be found at: <http://www.ucop.edu/Chief Investment Officer/>.

IV. FUNDS AND MANAGEMENT OF FUNDS
D. MANAGEMENT OF ENDOWED FUNDS

MANAGEMENT OF ENDOWED FUNDS

Minimum Endowment Amounts

In determining minimum acceptable levels for endowment funds, campuses should keep in mind whether projected annual endowment income, both now and in the future, would be sufficient to fulfill the donor's intended purpose.

Because of the cost of fund administration in relation to projected annual endowment income, the Office of the President uses a guideline of \$10,000 as a minimum to establish a new endowment. An account will be established for a smaller fund only under exceptional circumstances. A gift of less than \$10,000 might be combined with other already existing funds or with other gifts for the same purpose to establish a fund to generate endowment income, provided the donor does not require that the identity of the gift be preserved as a separate fund. If the size of the corpus makes this practical, and the donor has not specified a true endowment, funds may be held at the campus where they will earn STIP interest (*see* Section IV. C. 2.), and then transferred to the Corporate Accounting Office when the combined corpus and interest exceed \$10,000.

The Regents have established \$350,000 as the minimum necessary to endow a chair; some campuses have established higher minima (*see* Section IV. F. 1.).

Endowment Earnings

Each year in March or April the Corporate Accounting Office prepares estimates of the income to be earned by each endowment fund during the following fiscal year (normally available for expenditure two fiscal years hence). These estimates are then forwarded through the Budget Office, Office of the President, to the campus budget offices for use in preparing campus operating budgets and to the campus accounting offices for information. The actual transfer of endowment income to the campuses is made by the Corporate Accounting Office in August or September of the year in which the income is available for use.

Endowment income amounts exceeding an average monthly balance of \$1,000 will earn income in the STIP while awaiting expenditure.

Accumulations of Income

In accepting endowment funds, the University is legally bound to keep the principal intact and to comply with the donor's restrictions governing the use of income, if any. An implied requirement of

this legal principle is that the University must actually put endowment income to use; income may not be allowed to accumulate for an unreasonable period of time. To ensure compliance, it is University policy that endowment income accounts should accumulate no more than the equivalent of five years' income. The same policy extends to funds functioning as endowments.

Additions of Income to Principal

Since the University is required to use endowment income rather than to allow it to accumulate, unless a donor has approved the addition of income to principal, accumulated income from endowed funds is not added back to the principal of the funds. However, the OGC has advised that addition of income to principal in limited circumstances is within The Regents' discretion. Requests for additions of income to principal should be submitted to IAOP in the form of a draft Regents' item (*see* Sections VI. D. 1. And 2.). The item should be coupled with an expenditure proposal for use on a current basis of future income from the augmented principal.

Occasionally, the donor's terms will prescribe that a portion of an endowed fund's income is to be regularly returned to principal. Such additions of income to principal do not require Regents' approval when necessary to fulfill the donor's terms and may be automatically effected as an accounting transaction.

Donor's terms will also sometimes provide the discretionary power to add income to principal. When the donor's terms specifically grant this discretionary power to someone other than The Regents (e.g., a chancellor), the addition may be requested by letter to the Director, Corporate Accounting, with a copy to the Director, Development Policy and Administration IAOP.

See section IV. F. 1. regarding additions of income to principal of endowed chair funds.

IV. FUNDS AND MANAGEMENT OF FUNDS
E. ENDOWMENT RECORD SHEETS

ENDOWMENT RECORD SHEETS

An ERS is prepared by IAOP for each newly established Endowment Fund, FFE, Charitable Remainder Trust, or other similar fund at The Regents from information furnished by Endowment & Investment Accounting and other sources. Following preparation, new ERSs are distributed periodically to campus Development Offices in order to provide a permanent record for each campus of every endowment and similar fund held by The Regents. Campus Development Offices in turn, should forward copies to any other campus offices that will be involved in administering each fund.

ERSs are not maintained for endowments held by the Campus Foundations, nor are they prepared for loan funds.

ERSs provide the following essential information regarding each fund:

- Fund Name;
- Donor;
- Fund Establishment Date;
- Original Corpus and its Nature (Cash, Securities, Real Properties, etc.), or the Book Value of the Fund;
- Terms of Allocation, either as established by the donor or internally by the University; background on the donor; and information on Fund origin.

Additionally, a summary is provided at the bottom of each ERS stating:

1. who has determined the allocation;
2. the campus or campuses to which allocated income is to be distributed;
3. the fund purpose; and,
4. the fund type (True Endowment, FFE, etc.).

Finally, the fund number and fund restriction code as assigned by Corporate Accounting appear in the lower right-hand corner of each ERS.

Replacement copies of previously issued ERSs to complete campus files are available on request from IAOP.

Sample Endowment Record Sheet

Endowment & Investment Accounting				Date Printed:						
Fund Information Sheet										
0000 xxxxxxxxxxxxxxxxxxxxxx										
Restriction Code:										
Fund Group:		Endowment & Similar Fund Group		Date Established:		1/1/2012		Sep Inv Code:		
Entity:		The Regents of the University of Calif.		Inactive As Of:				Fund Anon?		
Corporate Name:				Historical Gift Value:						
Status:		Active		YTD Gifts:				Staff Person:		
Restriction Code:				Initial Funded Amt:						
Report Code 1:				Spending Policy:		Total Return				
Report Code 2:				Fee Type:		Cost Recovery Fee				
Report Code 3:				Fee Amt:				Override %:		
				Entered:						
				Last Changed:						
Comments:										
Pool/Investments										
<u>Pool</u>		<u>% In Pool</u>		<u>Fund</u>		<u>Income Should Be</u>		<u>Invest Free Cash?</u>		
General Endowment Pool										
STIP\$ Day										
Payout Distribution										
<u>Year Range</u>	<u>Odd/Even Years?</u>	<u>Location</u>	<u>Location Object</u>	<u>Fund to Receive</u>	<u>Income</u>	<u>Special Handling</u>	<u>Income Should Be</u>	<u>Percent</u>	<u>Amount</u>	<u>Multiple?</u>

IV. FUNDS AND MANAGEMENT OF FUNDS

F. ENDOWED CHAIRS

1. Policy and Administrative Guidelines on Endowed Chairs and Professorships

POLICY AND ADMINISTRATIVE GUIDELINES ON ENDOWED CHAIRS AND PROFESSORSHIPS

The current policy and administrative guidelines can be found on the UCOP Presidential policy website at <http://www.ucop.edu/acadpersonnel/apm/apm-191.pdf> .



IV. FUNDS AND MANAGEMENT OF FUNDS

F. ENDOWED CHAIRS

2. Policy and Administrative Guidelines on Presidential Chairs

POLICY AND ADMINISTRATIVE GUIDELINES ON PRESIDENTIAL CHAIRS

The current policy can be found in the Academic Personnel Manual at (<http://www.ucop.edu/academic-personnel/files/apm/apm-265.pdf>).



IV. FUNDS AND MANAGEMENT OF FUNDS

G. UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

The following description of UPMIFA was excerpted from a Manatt, Phelps & Phillips, LLP newsletter dated February 17, 2009 by Jill Dodd and Kimberly Kerry.

California law governing the management, investment and spending of donor-created endowment funds held by charitable organizations has recently changed. Until January 1, 2009, endowment funds were regulated by the UMIFA, but endowment funds established after January 1, 2009 (the "Effective Date") are regulated by the UPMIFA. Endowment funds that were established prior to the Effective Date are subject to UPMIFA only with respect to actions taken after the Effective Date. Thus, effectively, UPMIFA applies to all donor-created endowment funds held by charitable institutions in California.

UPMIFA was enacted to update the prudence standard and to provide flexibility in the management of endowment funds in market downturns and when modifying restrictions on endowment funds due to changed circumstances.

WHAT IS AN ENDOWMENT FUND UNDER UPMIFA?

UPMIFA defines an *endowment fund* as a fund that is established or created by a donor that is not wholly expendable by the institution on a current basis under the terms of the gift instrument. Specifically excluded from UPMIFA are endowments created by the charitable institution itself and program-related assets.

UPMIFA defines a gift instrument as any record or records from a donor. A record is defined as information that is written on a tangible medium or stored electronically (including email). It includes an institutional solicitation or governance documents, such as bylaws. A record is part of the gift instrument so long as the donor and the charity were, or should have been, aware of its terms.

STANDARD OF CARE

Under UMIFA, when investing for the benefit of an institution, the members of the governing board of the charitable institution (the "Board") had to exercise ordinary business care and prudence. While administering the endowment fund pursuant to the prudent person standard, individual investments were considered as part of the overall investment strategy. UMIFA provided the Board with a range of factors to be used as a guide for investment decisions in order to meet the prudent person standard of care. UPMIFA expands upon UMIFA and provides a more precise set of rules for investing in a prudent manner. The Board must exercise the care of the ordinary prudent person. The charity may invest in any kind of property as long as it is consistent with the standard of care, and may only incur reasonable costs when managing and investing the endowment

fund. The factors the Board must consider in investing include the general economic conditions, the effects of inflation or deflation, tax consequences, the role of each investment within the overall portfolio, the expected total return from income and appreciation, the other resources of the institution, the needs of the institution, and the special relationship of the asset to the institution, if any. Individual asset decisions must be made in the context of the total portfolio, and the Board has a duty to diversify and rebalance a fund, as necessary.

UPMIFA allows a charity to delegate the management and investment decisions to committees, officers, employees or external managers. The charity must act prudently in selecting agents, establishing the scope of the work delegated, and reviewing the performance of the agent.

SPENDING FROM THE ENDOWMENT FUND

UMIFA provided that a charity could spend all of the income (e.g., interest and dividends) and appreciation as long as the endowment fund was not spent below the historic dollar value. Simply put, historic dollar value was defined as the aggregate fair value of each gift on the date each was donated to the fund. Historic dollar value acted as a floor below which any given fund could not be spent.

UPMIFA eliminates the concept of historic dollar value and allows a charity to expend "so much as the institution determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established."; There are various factors that the Board may consider when making expenditure decisions. These factors included the duration and preservation of the fund, the purposes of the institution and the fund, the general economic conditions, the possible effect of inflation or deflation, the expected total return from income or appreciation, other resources of the institution and the investment policy of the institution. The gift instrument cannot vary the foregoing except under very narrow circumstances.

In order to safeguard an endowment fund against excessive spending, UPMIFA includes a provision which states that spending greater than seven (7) percent of the fair market value of an endowment fund (averaged over a three-year period) creates a rebuttable presumption of imprudence. However, spending less than the seven (7) percent does not create a presumption of prudence. It should be noted that this seven (7) percent presumption does not apply to postsecondary educational institutions, presumably to encourage them to spend from their endowments.

REVISING OR RELEASING PURPOSE RESTRICTIONS

In order to release a restriction on an endowment fund under UMIFA, the written consent of the donor was required. If the donor was deceased, then a court ruling would be needed with notice given to the Attorney General. The standard that would be used to determine whether a release was appropriate was whether the restriction had become "obsolete or impractical."

UPMIFA provides a more thorough treatment regarding the modification of restrictions on endowment funds than UMIFA. As long as the donor is able to do so, he or she may consent to a revision or release of a charitable purpose or management restriction. In the event that the donor is deceased or incapacitated, a charity may petition the probate court requesting the release of a management restriction or charitable purpose that has become impracticable, wasteful (a new criterion), unlawful or impossible to achieve. In addition to petitioning the court, the charity must notify the Attorney General of its request.

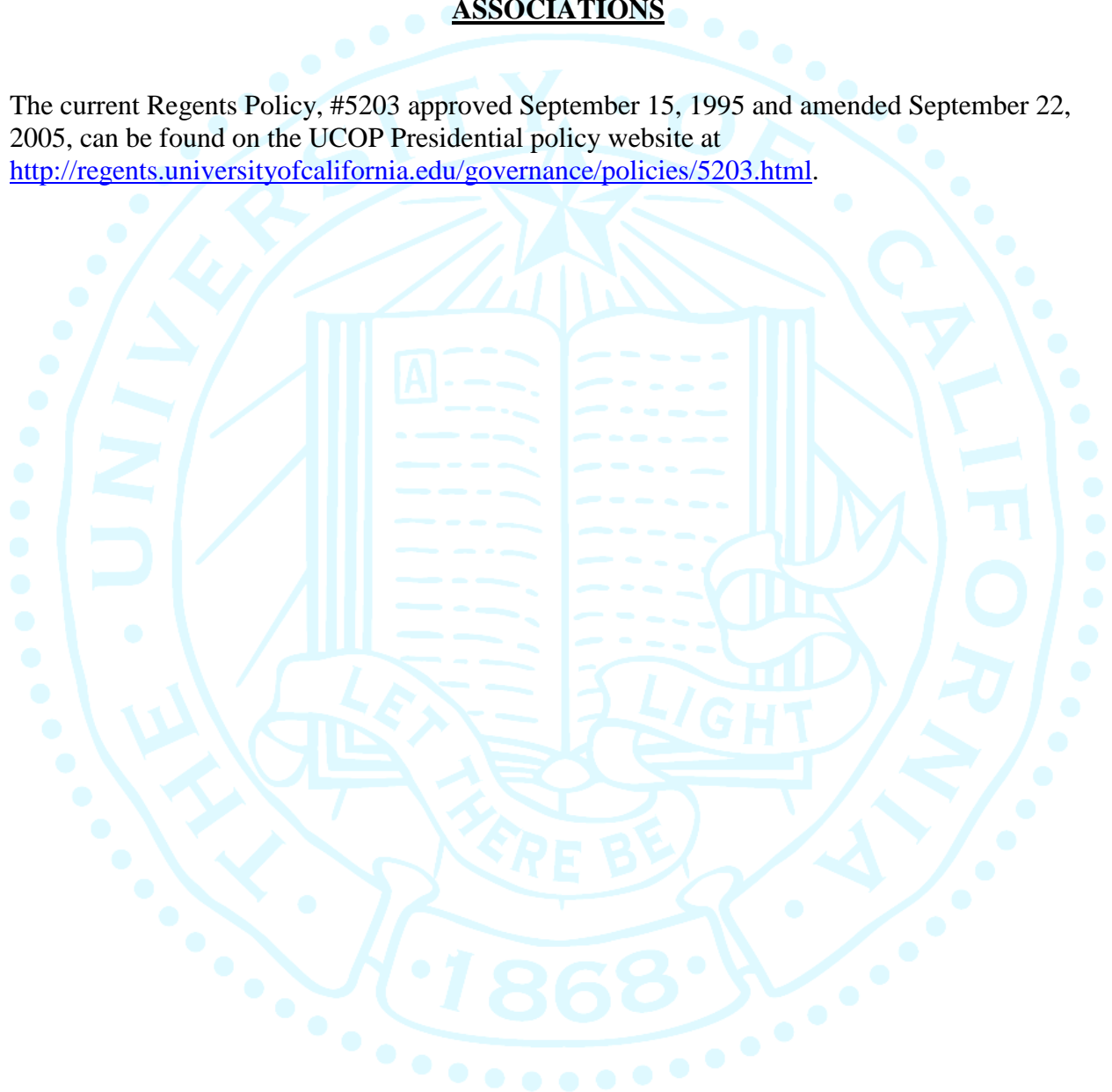
UPMIFA contains a provision that provides a charitable institution with the ability to modify a restriction on a fund without a court order and without donor consent under certain circumstances. The provision applies to endowment funds with a fair market value of less than \$100,000 that are over 20 years old. If it is determined by the charitable institution that a restriction on the fund is unlawful, impracticable, impossible to achieve or wasteful, then the charity can provide a 60-day notice to the Attorney General requesting a modification. If the Attorney General approves the request, the charitable institution may modify the restriction so long as the modification is as consistent as possible with the donor's original charitable purpose, as expressed in the documents that were part of the original gift.

When a campus seeks changes in restrictions on the use or investment of endowment funds and the donor's written consent cannot be obtained, it should submit a proposal to the General Counsel of the University, who represents the University's interests to the Attorney General and to the court. For more information *see* Section IV. B.

V. SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
A. POLICY ON SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS

POLICY ON SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS

The current Regents Policy, #5203 approved September 15, 1995 and amended September 22, 2005, can be found on the UCOP Presidential policy website at <http://regents.universityofcalifornia.edu/governance/policies/5203.html>.



V. SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
B. ADMINISTRATIVE GUIDELINES FOR SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
1. Administrative Guidelines for Support Groups

ADMINISTRATIVE GUIDELINES FOR SUPPORT GROUPS

The current guidelines can be found on the Institutional Advancement website at <http://www.ucop.edu/institutional-advancement/files/policies/2-12-04support-guidelines.html>.



V. SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
B. ADMINISTRATIVE GUIDELINES FOR SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
2. Administrative Guidelines for Campus Foundations

ADMINISTRATIVE GUIDELINES FOR CAMPUS FOUNDATIONS

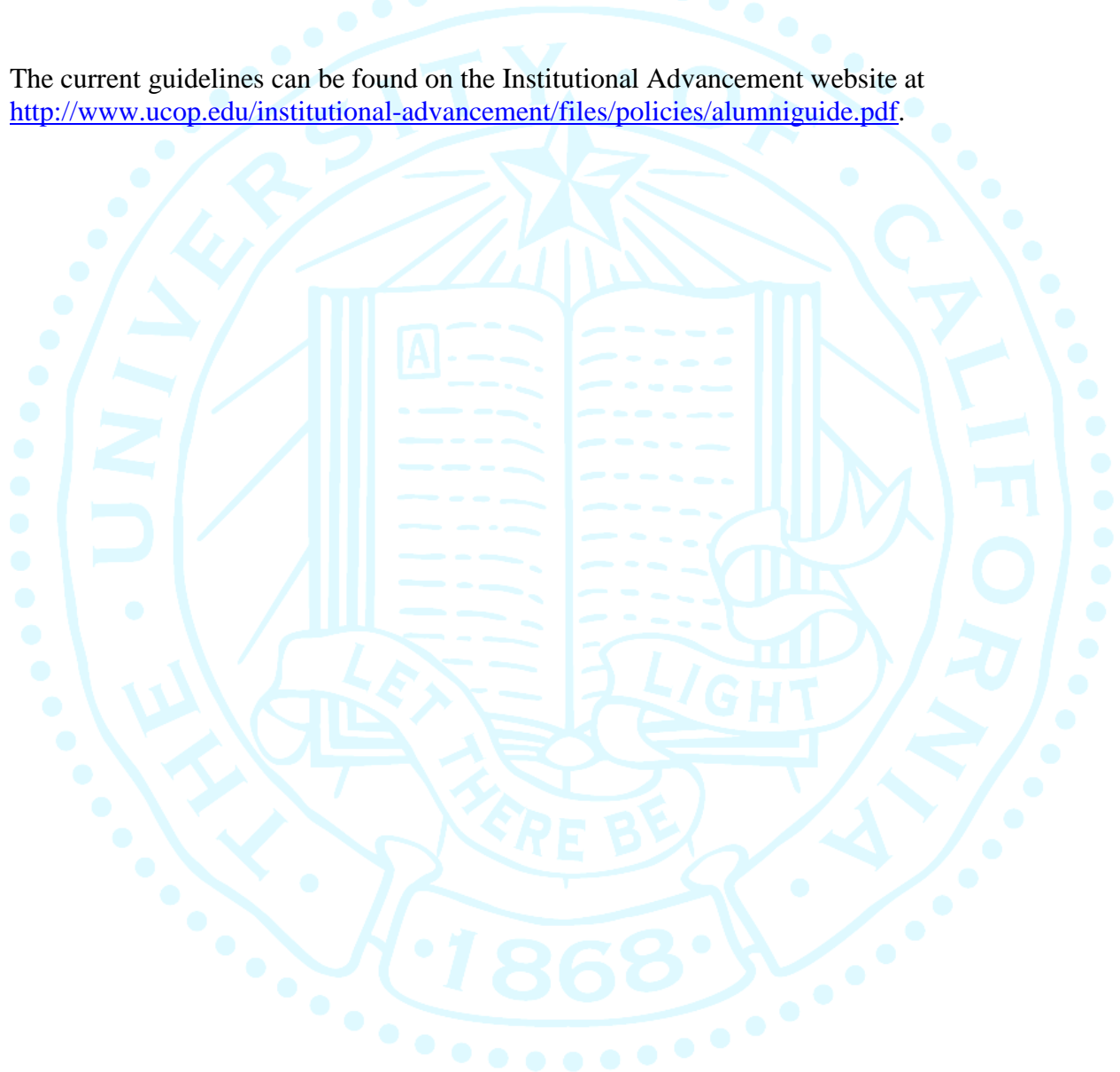
The current guidelines can be found on the Institutional Advancement website at <http://policy.ucop.edu/doc/3000585>.



V. SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
B. ADMINISTRATIVE GUIDELINES FOR SUPPORT GROUPS, CAMPUS FOUNDATIONS, AND ALUMNI ASSOCIATIONS
3. Administrative Guidelines for Support Groups

ADMINISTRATIVE GUIDELINES FOR ALUMNI ASSOCIATIONS

The current guidelines can be found on the Institutional Advancement website at <http://www.ucop.edu/institutional-advancement/files/policies/alumniguide.pdf>.



VI. MISCELLANEOUS

A. THE REGENTS' TAX-EXEMPT STATUS

THE REGENTS' TAX-EXEMPT STATUS

From time to time donors require confirmation of The Regents' federal tax-exempt status before making contributions. In order to fulfill this need, the OGC has suggested that such donors be provided with copies of the determination letters issued by the Internal Revenue Service which can be found at:

(<http://www.ucop.edu/institutional-advancement/policies-and-guidelines/fundraising/ucs-tax-exempt-status.html>)

The letter dated September 14, 1939 confirms The Regents' tax exemption under Section 101(6) of the IRC, a predecessor to IRC Section 501(c)(3). The letter dated September 8, 1982 confirms the 1939 exemption under section 501(c)(3) of the IRC. Together, these two letters should satisfy any question of The Regents' federal tax-exempt status.

The IRS determination letter dated November 23, 1973 confirms that The Regents is not a private foundation as defined in section 509(a)(1) of the IRC (i.e., The Regents is a “public charity”). Because private foundations are required to exercise special control over gifts to other private foundations, and because some individuals may want to make a contribution only to a public charity, this information may occasionally be requested by such donors.

As agents of the State, The Regents are not subject to State taxation, and gifts to The Regents are deductible for State income tax purposes.

The Regents is sometimes asked to furnish a tax identification number which is **94-3067788** (sometimes referred to as an Employer Identification Number or EIN). Each campus foundation has its own EIN.

VI. MISCELLANEOUS

B. USE OF THE UNIVERSITY'S NAME

USE OF THE UNIVERSITY'S NAME

Chancellors are delegated the authority to authorize use of their campus names (*e.g.*, University of California, Los Angeles), abbreviations (*e.g.*, UCLA), or any other name that includes such designations or abbreviations.

The Executive Vice President-Business Operations is delegated the authority to authorize use of the name "University of California"; the abbreviation "UC"; any other name that includes "University of California" or "UC"; or any other name or abbreviation that has Universitywide application or is of concern to more than one campus.

The authority to permit use of the University's name may be redelegated; any such redelegation must be in writing with a copy furnished to the OGC.

The OGC must be consulted if a Chancellor or the Executive Vice President-Business Operations believes that unusual University liability or exposure may develop from granting permission for use of the University's name.

Commercial Use. In reaching a decision to grant or withhold permission for use of the University's name or an abbreviation for commercial purposes, the following policy considerations must be observed:

1. Approval shall not be given for advertising listing the University as a user of any product or service, or as the source of research information on which a commercial program or publication is based, except that approval may be granted for institutional or goodwill advertising clearly regarded as being in the best interests of the University. If any doubt exists as to whether the use of the University's name will contribute to the best interests of the University, the permission shall be withheld.
2. Manufacture and distribution of all commercial products (*e.g.*, clothing, pennants, drinking glasses) bearing the name or decorative seal of a campus are to be permitted only upon a license granted by the Chancellor or a designated representative.
3. Requests for manufacture and distribution of all commercial products bearing the name and/or unofficial corporate seal of the University of California, as distinguished from that of a single campus, shall be referred to the Executive Vice President-Business Operations. For information about use of the unofficial seal of the University *see* Section VI. C.

Concurrence of the OGC is required before permission is granted for commercial use of the name of the University.

Noncommercial Use. In reaching a decision to grant or withhold permission for use of the University's name, or an abbreviation of the University's name, for noncommercial purposes, the following must be observed:

1. Use of the University's name to designate such groups as professional associations, employee organizations, athletic, cultural, and other interest groups may be granted when deemed in the best interests of the University. (For use of the University's name by registered campus organizations, *see* the latest edition of the University of California Policies Applying to Campus Activities, Organizations, and Students.) If any doubt exists whether the use will contribute to the best interests of the University, permission shall be withheld.
2. When granted, permission shall include the understanding that it does not involve, either expressly or by implication, the following:
 - a) Any endorsement or sponsorship by the University; in appropriate circumstances permission may be made conditional upon a requirement of an express statement that the University does not endorse or sponsor the particular activity.
 - b) Any obligation to provide budgetary support or office space.
3. Chancellors on other campuses shall be consulted (perhaps at a meeting of the Council of Chancellors), when a decision to permit use of the University's name on one campus would make it difficult to deny a similar request on another (*e.g.*, a request from a chapter or affiliate of an organization with chapters or affiliates on other campuses).
4. Permission shall be granted with the understanding that it may be withdrawn at any time the authorizing official determines that further usage will not be in the best interests of the University or that there has been a failure to adhere to the basis on which the request to use the name or abbreviation was originally submitted and approved.

Concurrence of the OGC is required before permission is granted for noncommercial use of the name of the University. However, this concurrence may be fulfilled by using the attached form. If the form is to be modified, the proposed alterations must be referred to the OGC for specific approval.

Reference: Presidential Delegation of Authority--Policy to Permit Use of the University's Name, May 3, 1985 (<http://policy.ucop.edu/files/da/da0864.html>). For elaboration and interpretation, questions concerning commercial use should be referred to Office of the General Counsel; questions concerning noncommercial use should be referred to the Executive Vice President—Business Operations.

REVOCABLE NONCOMMERCIAL LICENSE TO USE THE NAME OF
THE UNIVERSITY OF CALIFORNIA

WHEREAS, the Education Code of the State of California Section 92000 prohibits the use of the name of the University of California, or any abbreviation of this name, or any name of which the name "University of California" is a part, for certain purposes; and

WHEREAS, _____, (hereinafter referred to as Licensee) is desirous of using the name of the University of California, or an abbreviation thereof, in the following style and for the following noncommercial purpose:

NOW THEREFORE, The Regents of the University of California agrees to and does hereby grant a revocable license to Licensee to use the name of the University of California only and expressly in the style and for the noncommercial purpose to which reference herein above has been made.

In consideration of the granting of this revocable license, Licensee agrees to indemnify and hold harmless The Regents of the University of California, officers, employees, servants, or agents thereof, from any and all liability arising from the use of the name pursuant to this license.

Licensee also agrees that in the exercise of this license, it will not state or imply either directly or indirectly that the Licensee or the Licensee's activities are supported, endorsed, or sponsored by the licensor and, upon the direction of the licensor, shall issue express disclaimers to that effect.

It is understood that this license may be revoked at will.

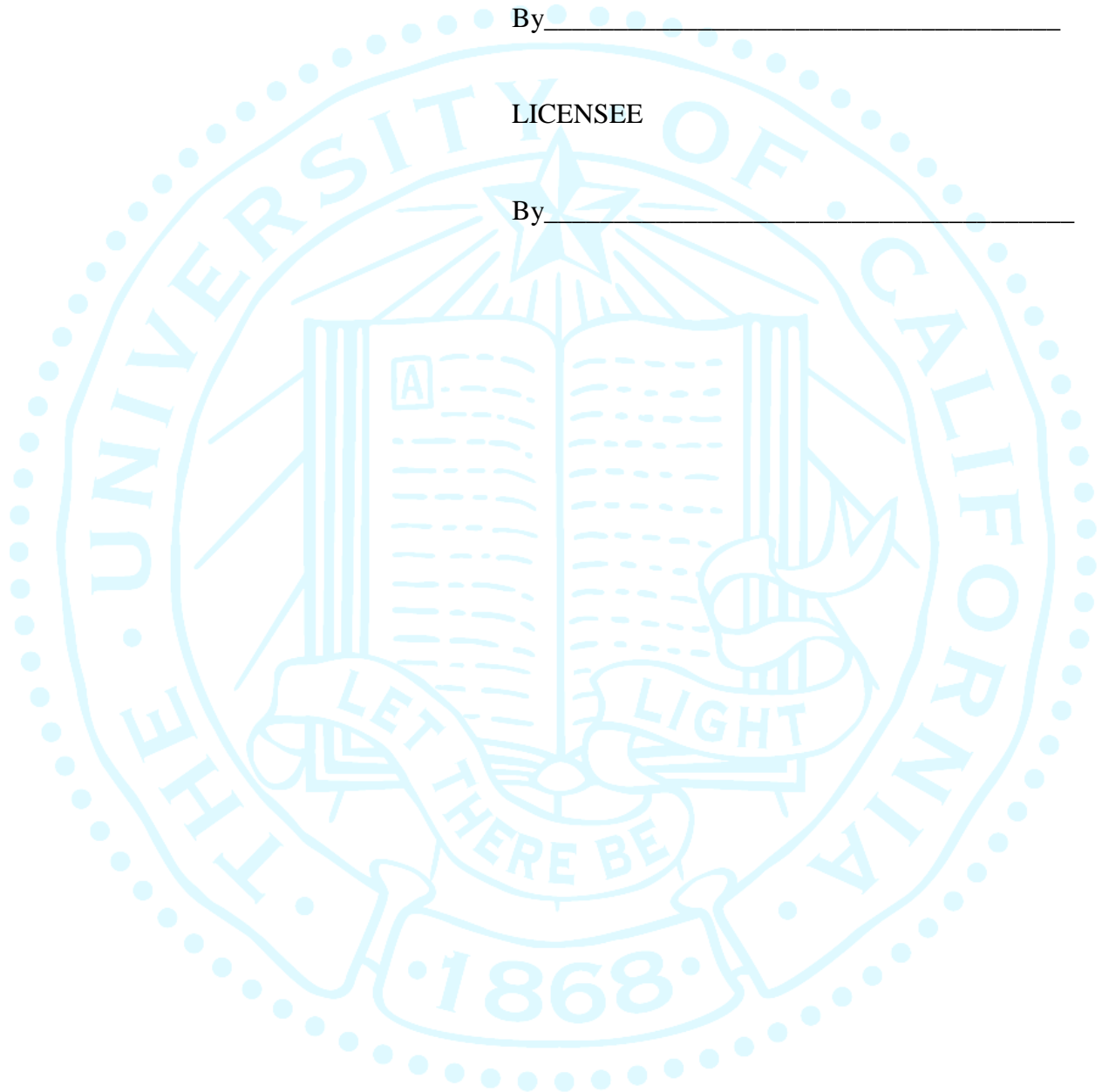
Dated: _____.

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA

By _____

LICENSEE

By _____



VI. MISCELLANEOUS

C. USE OF THE UNIVERSITY'S UNOFFICIAL SEAL

USE OF THE UNIVERSITY'S UNOFFICIAL SEAL

Within their respective jurisdictions, Chancellors are delegated the authority to permit use of the unofficial seal of the University for any official purpose or in connection with alumni, student, or public projects.

The Executive Vice President-Business Operations is delegated the authority to permit use of the unofficial seal for any official Universitywide application or whenever such use concerns more than one campus.

The authority to permit use of the University's unofficial seal may be redelegated; any such redelegation must be in writing with a copy furnished to the OGC.

Two versions of the unofficial seal are authorized for use in printed matter. One version is a replica of the corporate seal, with the words "Seal of" deleted; the other is a simplified version, designed as an alternative for use whenever it is more consistent with a typographic design.

Use of the unofficial seal related to the manufacture and distribution of commercial products continues to be governed by the provisions of the Delegation of Authority--Policy to Permit Use of the University's Name. For information on use of the University's name *see* Section VI. B.

Questions related to use of the unofficial seal may be referred to the Executive Vice President-Business Operations.

Reference: Presidential Delegation of Authority--Policy to Permit Use of the University Seal, May 3, 1985 (<http://policy.ucop.edu/files/da/da0865.html>).

VI. MISCELLANEOUS

D. REGENTS' ITEMS

1. Actions Requiring Regental Approval

ACTIONS REQUIRING REGENTAL APPROVAL

The Bylaws and Standing Orders of The Regents require Regental approval of certain actions involving gifts. The campus initiates the approval process by submitting a proposed Regents' Agenda Item that has been approved by the Chancellor to the Director--Development Policy and Administration, IAOP, for review.

Following satisfactory completion of the review process, the President will place the Item on the agenda of the next feasible Regents' meeting.

The major gift-related actions requiring Regental approval are:

- a. Soliciting and Accepting Gifts:
 - 1. Real estate when the property value exceeds \$60 million
 - 2. Exceptions to programs and policies
 - 3. Expenditures without approved funding sources
 - 4. Construction of facilities not previously approved
- b. Initiating the public phase of fundraising campaigns if the campaign goal exceeds \$50 million

VI. MISCELLANEOUS

D. REGENTS ITEMS

2. Preparing and Coordinating Regents' Items

PREPARING AND COORDINATING REGENTS' ITEMS

Submittal: Proposed campus actions in the gift area requiring Regental approval are outlined in Section VI. D. 1. Following approval by the Chancellor, draft Regents' items should be submitted directly to IAOP, according to the current year schedule provided by the Office of the Secretary of the Regents. It is critical that campuses comply with announced deadlines. Failure to do so may result in an item being postponed to a later meeting.

Format: Items should be prepared and submitted in accordance with the procedures on the Regents' Meeting SharePoint website located at <https://sp2010.ucop.edu/sites/regents/regsec/default.aspx>.

Questions regarding preparation and submission of draft Regents' Items are to be directed to IAOP.

VII. APPENDICES

A. GIFT COUNTING STANDARDS

The current Gift Counting Standards are maintained by Institutional Advancement (<http://www.ucop.edu/institutional-advancement/>).



VII. APPENDICES

B. UCARS DATA ELEMENTS

UCARS DATA ELEMENTS

	CAE (CASH) Convention		REGENTS Convention	
	Regents	Foundation	Regents	Foundation
QUARTERLY DATA ENTRY				
Primary Data	X	X	X	X
Supplemental Data	X	X	X	X
Participation Data			Totals for campus	
Planned Giving	X	X		
Major Donors			Gifts of \$1,000,000 and over for campus	
Foreign Gifts			Gifts from foreign based donors by country for campus	
ANNUAL DATA ENTRY				
Performance Metrics Summary	Only reported annually			
Performance Metrics Goals				
Performance Metrics by Source				
Performance Metrics by Dollar Ranges				

The data elements required for each report are found below:

PRIMARY	SUPPLEMENTAL (continued)
Source	Gifts for Health Sciences and Medicine
Alumni	Biological Sciences
Parents	Biomedical Sciences
Faculty	Dentistry
Staff	Medical Center
Other Individuals	Medicine
Campus Related Orgs.	Nursing
Corporations	Optometry
Foundations	Other
Foundations Established by Alumni	Pharmacy
Other Nonprofit	Public Health
Purpose	Gifts by Area
Research	Agriculture and Natural Resources
Student Support	Arts, Letters and Sciences
Instruction	Athletics/Sports
Campus Improvement	Business/Management
Department Support	Engineering
Unrestricted	Financial Aid
Other Purposes	Health Sciences and Medicine
Asset	Law
Cash	Libraries
Securities	Miscellaneous
Real Property	Other Academic Programs
Nonmonetary	Other Professional Schools
	Veterinary Medicine
Reporting Conventions	Private Support from Foreign Sources
Pledge Payments	Private Support from Foreign Sources
Outright Gifts	
Planned Gifts	Donation Data
Planned Gifts (face value)	Number of Gifts
Planned Gifts (present value)	Number of Grants
Bequests (distributed)	Number of Bequests
	Number of Pledge Payments
	Number of Unique Donors
SUPPLEMENTAL	
Breakdown of Gifts and Grants to Regents	Annual Giving Program
Gifts to Regents	Number of Unique Donors
Grants to Regents	Number of Individual Gifts
	Total \$ Unrestricted
New Gifts for Endowment	Total \$ Outright Gifts
Research	
Student Support	Senior Class Giving Program
Instruction	Number of Student Gifts
Departmental Support	Total \$ of Student Gifts
Unrestricted	Total \$ Rec'd as Matching Gifts
Other Purposes	

