

<b>System-wide Policy: FI0315 - Gifts</b>	
<b>Version: 7</b>	<b>Effective Date: 04/20/2018</b>

## FI0315 – Gifts

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### Objective:

To provide policies and procedures on the acceptance and administration of gifts to the University. Donor gifts are solicited in the name of the University or a related University Foundation depending upon the wishes of the donor.

### Policy:

#### [Administrative Framework](#)

1. The University, through the University of Tennessee Foundation (UTFI) and the University of Chattanooga Foundation and [campus alumni and development offices](#), have well-organized programs for encouraging and soliciting gifts for the support of the University's various functional purposes and activities. On July 1, 2011, the University and the UT Foundation signed an agreement moving the Development and Alumni Affairs function from the University to the UT Foundation. Gifts are received by the Foundation for the benefit of the University.

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### [Tax-Exempt Status of Gifts to the University](#)

2. Donors to the Foundations and University are permitted to take deductions on federal tax returns to the extent permitted by Treasury Department regulations. The basis for this deduction is that the University of Tennessee is an instrumentality of the state of Tennessee [Section 170 (c)(1) of the *Internal Revenue Code*]. For the transfer of monies to the University to qualify as a gift, the gifts must be for the exclusive use of and under the control of the University. For example, a transfer by a donor to fund a scholarship for a designated student or for the purpose of benefiting a designated third party is not a gift to the University, but rather a gift to the student or other third party. Such monies for the benefit of specifically named students or third parties may not be accounted for as gifts to the University, but must be directly credited to the designated student's account or be credited to a fund for disposition in accordance with the transferor's instructions.

### [Accounting Treatment of Gifts](#)

3. Gifts (including bequests) are monies or property voluntarily given to the University or to the Foundations for the benefit of the University, without expectation of return or compensation on the part of the donor. Gifts to the University or to the Foundations are unconditional transfers, a requirement for being classified as a charitable deduction. Refunds will only be made in the event of a mistake or an extreme circumstance if determined by the Foundation. Individuals who receive refunds have the responsibility of correcting any tax filings they have made reflecting the refunded amount. For accounting and administrative purposes, gifts are classified into two main categories:
  - a. **Unrestricted Gifts.** These are gifts upon which the donor has placed no definite restrictions as to the method or purpose of expenditure, leaving the Foundations or University to determine the appropriate use of such monies. This term may also be applied to gifts received under a continuing solicitation program for general support of an institutional activity (such as the University's athletics programs where anticipated gifts are budgeted as a regular funding source).

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Generally accepted accounting principles require that unrestricted gifts be accounted for by the University as revenue of Current General Funds. Such monies may be budgeted, appropriated, and expended for any appropriate institutional purpose through the University's normal fiscal procedures.

- b. **Restricted Gifts.** These are gifts upon which the donor has placed definite restrictions on the purpose for which, or the conditions under which, such monies may be expended or disbursed. Restricted gift monies available for current expenditure in accordance with the purpose designated by the donor will be credited to an appropriate Current Restricted Fund until expended. Other restricted gift amounts not available for current expenditures (such as gifts to establish Student Loan Funds, Endowment Funds, or Annuity or Charitable Remainder Trust Agreements) will be credited directly to a specially designated fund in the appropriate fund group.

#### [Minimum Size and Other Limitations on Restricted Gifts](#)

4. **Current Restricted Gift Funds.** To avoid carrying out the administrative responsibilities connected with many small separate funds, each campus and unit may establish, with the concurrence of the Foundations and the [Office of the Treasurer](#), minimum amounts of gift funds required to justify establishing a separately designated restricted fund.
5. **Gifts for Loan Funds and Charitable Remainder Trust Agreements.** The establishment of perpetual Student Loan Funds through direct gifts and the establishment of Charitable Remainder Trust (CRT) Agreements place definite administrative obligations on the institution. The University has adopted the following minimum requirements for establishing such funds:

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- a. Loan Funds should not be established in amounts of less than \$25,000.
- b. The establishment of each new Student Loan Fund must be governed by a Gift Agreement between the Foundation(s) or University and the donor. Such a Gift Agreement covering the establishment of Loan funds should follow the general format of sample agreements furnished by the Foundation. Any modifications of the standard Gift Agreement should be reviewed by the [Office of the General Counsel](#) and the [Office of the Treasurer](#) in advance of the donor's signature. Upon execution by the donor, the agreement should be forwarded to the Office of the General Counsel through the contract review process for execution by the University and transmitted through appropriate channels to the Treasurer for the permanent document files. Appropriate accounts cannot be established until the Treasurer receives the required executed agreement.
- c. Charitable Remainder Trust Agreements should not be established in amounts of less than \$100,000
- d. The establishment of a Charitable Remainder Trust Agreement must be governed by a formal Unitrust or Annuity Trust Agreement executed by both the University and the donor. Due to the extremely technical nature of Unitrusts and Annuity Trusts, such instruments should be drafted only by the University of Tennessee Foundation's planned giving area or a designated planned giving officer at a campus or unit. The terms of all trust agreements must be approved and signed by the Treasurer before the agreements are executed with the donor(s).
- e. After execution by the Foundations or University and the donor, any subsequent changes to the Gift Agreement or the administrative provisions can be made only by executing an amendment to the original agreement. The amendment must be reviewed and executed through the same channels as the original Gift Agreement.

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- f. Exceptions to the above conditions and limitations must have the written approval of the Treasurer (or designee) and the Vice President for Development.

**6. See [FI0340 - Endowment](#) , for additional policy information related to Endowments.**

[Documentation Requirements for Current Restricted Gift Funds](#)

- 7. To ensure appropriate accounting treatment and administration of Current Restricted Gift Funds in accordance with the wishes of, or agreement with the donor, the UTFI Advancement Services Office must furnish the [Controller's Office](#) the official agreement (where one is appropriate) or written details that designate the purpose or restrictions on the use of such monies. Appropriate fund numbers cannot be assigned before this information is received, and such information is required for the permanent document files on each fund. (Note: Alternate procedures have been approved by the University that permit the Health Science Center, Ag Research, Agriculture Extension, and the College of Veterinary Medicine to maintain permanent documents files and to create restricted account numbers in IRIS for Current Restricted Funds. Documents are retained at those locations, in addition to being stored in the University's imaging system.)

[Receipt and Deposit of Gift Funds](#)

- 8. **Unrestricted Current Gift Funds.** Gifts received through any of the organized gift programs and unrestricted as to use should be transmitted to the appropriate Foundation office. This office will promptly receipt and deposit such monies through normal channels with credit indicated to the appropriate Unrestricted Gift Revenue fund.
- 9. **Restricted Current Gift Funds.** Gifts received with donor restrictions as to purpose or use should be transmitted to the Foundation for appropriate receipting and

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depositing. If appropriate fund numbers have not been established at the time gift monies are received, the gifts should be deposited into a gift suspense fund until appropriate fund numbers are assigned. The fund number should be requested through the UTFI Advancement Services Office campus to the Controller's Office.

10. **Endowment and Loan Fund Gifts.** Gifts for the establishment of such funds should be receipted and deposited by the Foundation into a gift suspense or holding fund to be transferred when the appropriate fund number is assigned. The number will be assigned by the Treasurer's Office when that office receives and reviews the fully executed Gift Agreement through regular channels from the UTFI Advancement Services Office.
  
11. **Charitable Remainder Trust Gifts.** Gifts for the establishment of charitable remainder trusts must be immediately transferred by the UT Foundation to the Charitable Remainder Trust custodian so that the funds can be deposited. The Treasurer's Office will create the CRT account number, and UTFI Advancement Services will record the gift to the trust funds account number.
  
12. **Gifts of Securities.** Any gift made to the Foundations on behalf of the University in the form of negotiable stocks, bonds, or other securities should be accepted in kind and by procedures authorized for each transaction by the UT Foundation.
  
13. **Gifts of Real Property.** Gifts of real property are addressed in [FI0620 - Capital Outlay](#). Real property will typically be gifted to the Foundations or may also be given to the University. The Treasurer will typically execute Form 8283 for gifts of real property to the University. If Form 8283 is executed by any other University personnel, it is the responsibility of the signer to immediately forward a copy of the Form 8283 to the Office of the Treasurer. Also, refer to [FI0615 - Disposition of Gift Personal Property](#) on the disposition of gift personal property.

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**PROCEDURES:**

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

**FOR MORE INFORMATION:**

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