



CHAPMAN UNIVERSITY

GIFT POLICY MANUAL

Chapman University
Orange, California

Originally approved:
September 30, 2002

Revised February 2022
Version 11

Preface

Chapman University, a not-for-profit organization under the laws of the State of California, encourages the solicitation and acceptance of gifts to Chapman University (hereinafter referred to as “the University”) for purposes that will help the University to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to the University or for the benefits of any of its programs.

Vision Statement

Chapman University will be a student-centered institution, recognized nationally and internationally as a center of academic and personal excellence that prepares our students to contribute to a global society.

Mission Statement

The mission of Chapman University is to provide personalized education of distinction that leads to inquiring, ethical and productive lives as global citizens.

Values Statement

Chapman University is a learning community dedicated to the following core values that define the University’s character and help guide the actions of its members.

- Value the dignity of every person by treating people with civility and respect;
- Act with integrity and accept personal responsibility for our actions;
- Live a life of service to others;
- Undertake the search for truth and meaning through critical thinking and the never-ending pursuit of knowledge and creative expression;
- Engage in and promote an atmosphere of open and honest communication with others;
- Seek a just and caring community that embraces a diversity of ideas and experiences.

Purpose of the Manual

The staff and volunteers of Chapman University solicit current and deferred gifts from individuals, corporations and foundations to secure the future growth and mission of the University. These policies and procedures govern the acceptance of gifts by the University and the procedures for processing them. The provisions of these policies shall apply to all gifts received by the University for any of its programs or services. “The University” in the text refers to all Chapman University staff, faculty, students and volunteers.

Right to Revise

This gift policy manual is subject to revision based on organizational and operational imperatives. In matters of fiscal policy, the Executive Vice President / Chief Operating Officer and the Board of Trustees must approve any recommended revisions. In matters of operations or organization, the Associate Vice President of University Advancement may revise the policy and will clarify any questions regarding this manual.

Trustee Philanthropy Policy

1. PURPOSE

The Chapman University Board of Trustees philanthropy policy seeks to establish and maintain a culture through formal policy that clearly states that the board is responsible for ensuring adequate private support and sets specific expectations of personal financial support among board members.

Background: The research and professional literature on board fundraising responsibilities makes it clear that trustees must take the lead in providing and attracting financial support. Giving by all members of a governing board provides significant funds and sends a useful signal to other current and prospective donors. Nationally, between 75-80 percent of fund raising dollars raised each year comes from individuals. Board members are to be encouraged to offer their own support and their influence to engage, involve and cultivate other individual donors as well as corporations and foundations.

2. POLICY

The Chapman University Board of Trustees individually and collectively affirms the responsibility to provide leadership in contributions of time, talent, and financial gifts to ensure a preeminent future for Chapman University. Each board member understands the expectation that he/she will participate in a personal program of giving to support Chapman with additional unrestricted operating funds to supplement annual operating. Each board member is encouraged to be responsible for assisting with advancement goals through a combination of personal giving and advocacy with donors. Additionally, the Board of Trustees is committed to ensuring the success of periodic special campaigns for specific projects. As such, each trustee should strive to make and/or obtain a significant gift to a campus campaign.

The philanthropic responsibility of the Board recognizes the need to fully assist Chapman in identifying, cultivating and enlisting the support of friends, co-workers and/or other individuals who have reason to support the mission of the institution. Moreover, should a board member have direct or indirect linkages to philanthropic organizations capable of supporting Chapman, the member shall make the linkages known and work with trustees and staff members to explore possible areas and gift amounts for philanthropic support.

Trustees enthusiastically invite and encourage others to join in the rewarding commitment to Chapman's mission and to the enrichment of services to meet future needs.

Approved June 28, 2004

Table of Contents

Preface	2
Right to Revise	3
Trustee Philanthropy Policy	4
Table of Contents	5
Table of Attachments	7
Donor Confidentiality, Privacy and Protection of Donor Interests	9
Protection of Donor's Interest	10
Donor Confidentiality and Privacy.....	10
Release of Donor Information	11
Anonymity of Donors and Gifts	13
Gift Acceptance	15
Minimal Risk Gifts	16
Moderate Risk Gifts	17
High Risk Gifts	17
Artwork for Named Collections.....	18
Services and Partial Interest.....	18
Intellectual Property.....	18
Unacceptable Gifts.....	18
Gift Recognition & Naming	20
General Recognition.....	21
Recognition Procedures - Philanthropic.....	21
Procedure for Approval	21
Minimum Amount	21
Facilities	21
Center/Institute/School/Program Naming	22
Presidential Chair Naming	22
Endowed Funds	23
Matching Gifts	24
Irrevocable Bequest Pledge and Life Income Gift.....	24
Honorific Recognition Procedures	24
Naming Opportunity Definitions	24
Gift Solicitations	27
Major Gifts	28
Capital Campaigns	28
Chapman Fund	28
Strategic Prospect Management.....	29
Assignment of Relationship Manager.....	29
Contact Reports.....	29
Prospect Pipeline Meeting	29
Moves Management.....	29
Special Events	30
Private Foundation and Corporate Gifts	31
Approvals	31
Support Available to Gift Officers.....	31

Proposal Tracking	32
Deferred Gifts.....	32
Advancement Operations and Gift Processing	33
Central Donor Files	34
Funding Opportunities List	34
Gift Processing Policies	35
Gift Acknowledgements	35
Outright Gifts of Cash, Check or Credit Cards.....	35
Matching Gifts.....	35
Pledges	35
Restricted Funds.....	37
Endowed Funds.....	37
Interest Bearing Accounts.....	37
Legal and Soft Credit	37
Modification of Gifts and Pledges	37
Processing Gifts by Payment Type	38
Cash/Check	38
Wire Transfers.....	38
Credit Cards	39
Payroll Deduction	39
Stock Transfers	39
Tangible Personal Property/Gifts in Kind	41
Closely Held Securities	42
Legacy Gifts	42
Insurance Policies	43
Administration of Trusts and Charitable Gift Annuities	44
Responsibility of University Parties in Managing Legacy Gifts	44
Office of Legacy Planning Giving Responsibilities	44
Office of Financial Services Responsibilities	45
Board of Trustees Responsibilities	45
Administration of Probate Gifts	45
Substantiating Gift Values	46
Appraisals	46
Qualified Appraiser	46
Premium Value Gifts (Quid Pro Quo Rule)	47
Raffles	47
Auctions	47
Payment of Fees and Costs	47
Investment of Donor Funds	48
Allocation of Gifts	48
Unrestricted Gifts	48
Deferred, Restricted or Endowed Gifts	48
Pending Account	49

Table of Attachments

<u>Attachment Number</u>	<u>Name of Form</u>
1.	Confidentiality Access and Compliance Form
2.	Protected Information Agreement
3.	Advancement Report Request
4.	Permission to Release Information
5.	Request for Anonymity
6.	Glossary of Gift Terms and Policies by Gift Type
7.	Revocable Pledge and Restricted Gift Authorization
8a.	Stock Transfer Instructions
8b.	Stock Power from Broker
9.	Gift-in-Kind Valuation
10.	Student Database Access Authorization
11a.	Artwork Deed of Gift and Disclosure Letter
11b.	Registration of Art
12.	Protecting Americans from Tax Hikes (PATH) Act of 2015
13.	Left Intentionally Blank
14.	Left Intentionally Blank
15.	High Risk Review and Acceptance
16.	Real Estate Review and Acceptance
17.	Minimum Gift Levels
18.	Major Gift Name Recognition
19.	Request for Honorific Recognition

Attachment Number	Name of Form
20.	Left Intentionally Blank
21.	Assignment of Relationship Manager
22.	Prospect Research Request
23.	Contact Reports
24.	Prospect Pipeline Meetings
25.	Moves Management
26.	Key Pipeline Terminology
27.	Gift Acknowledgement Matrix
28.	Gift and Pledge Acceptance
29.	New Gift Account Request
30.	Cash Handling Procedures
31.	Planned Gift Review

*Donor Confidentiality,
Privacy and
Protection of Donor Interests*

Protection of Donor's Interest

The University shall not seek to benefit at the expense of the donor by presenting an agreement that is not in the best interest of the donor, urging the donor to accept such an agreement or entering into such an agreement. The interests and welfare of the donor shall always come first subject to reasonable protection of the University's interest.

The University adheres to the ethical standards of the Association of Fundraising Professionals (available for review at www.afpnet.org/ethics), the ethics and standards as adopted by the National Committee of Planned Giving (available at <http://www.pppnet.org>), and the American Council on Gift Annuities (available at <http://www.acga-web.org>). Additionally, the University adheres to the Council for Advancement and Support of Education (CASE) Reporting Standards & Management Guidelines in all fund raising matters.

Donor Confidentiality and Privacy

1. Confidentiality and Privacy

- a. The University has adopted a confidentiality and privacy policy and employees must sign a Confidentiality Access and Compliance Form ¹. Select student employees may have restricted access via the Student Database Access Authorization ¹⁰.
- b. Privacy laws and University regulations require maintaining the confidentiality of students, faculty, staff and donors. The Privacy Policy requires confidentiality with regard to research, electronic information and the use of the University's network. Certain information is maintained by hard copy or in a PDF document in an electronic file folder accessible only to individuals approved by the Associate Vice President of University Advancement.
- c. All information obtained from or about donors by the University or by the Office of Prospect Research shall be held in strictest confidence. The name, the gift amount and/or the conditions of any gift shall not be published without the approval of the donor/beneficiary.
- d. The University subscribes to the Association of Professional Researchers for Advancement (See <http://www.aprahome.org>).
- e. University Advancement is not interested in employees bringing contact or mail lists from other employers and in turn expects that all employees will not take Chapman University contacts or mail lists if they change employment. All University Advancement employees will annually reconfirm their commitment to protect confidential, proprietary or private donor information through the Protected Information Agreement ².

2. Release of Donor Information

- a. Donor information, including name, address, employer, birth date, spouse and family information, donation records and other information is kept in an advancement database. Requests for information are made in writing using the Advancement Report Request ³ form for Chapman University internal units or by letter on letterhead of the requesting agency. Lists of email addresses are requested through an online form on the Chapman website at campus-services/marketing-communication. Members of the Board of Trustees, Board of Governors, President's Cabinet and Senior Staff will be excluded from all mailing list requests unless approved in advance for inclusion by the Executive Vice President and Chief Advancement Officer.
- b. University affiliated organizations and departments who support approved University activities may request information from the advancement database. In cases of dispute, whether a requesting agency/department has a legitimate affiliation with the University, the final decision will rest with the Executive Vice President and Chief Advancement Officer or his/her designee. Chapman University departments that may request mailing lists and other information include, but are not limited to:
 - University Advancement departments
 - Administrative units of Chapman University
 - Academic units of Chapman University
 - Career Development Center
 - Chapman University affinity groups
 - Chapman University clubs
- c. External agencies or organizations may request information from University Advancement in writing on letterhead. These organizations include, but are not limited to:
 - Other colleges and universities seeking the location of alumni with degrees from both Chapman University and the requesting university or college.
 - Law enforcement agencies and student loan agencies
- d. Limitations on the release of information.
 - *Media.* Information may not be released to members of the media. All requests for information from members of the media must be referred to the Chapman University Office of Communications and Media Relations.
 - *Current Students.* Federal law severely restricts the information that may be released on current students. Therefore, NO information on current students will be released from University Advancement. All requests for information on current students should be forwarded to the Chapman University Registrar's office.

- *Political or Commercial Purposes.* The information maintained in the advancement database may not be used for non-related commercial or political purposes.
- e. The following list is the “directory information” that may be released from University Advancement to the departments and agencies named above.
- Full name
 - Address and telephone number(s)
 - Degree(s) and date of degree(s) awarded by Chapman University
 - School(s) from which degree(s) was/were granted with major field of study
 - Employment
 - Employer address and telephone number
 - E-mail address
 - Fax numbers
- f. Additional information available to University departments for the support of approved University-related activities includes the following list.
- Student activities
 - Publication preferences
 - Relationship information
 - Gift/Pledge data
 - Other information as requested
- g. Approved University-related activities are defined below. In cases where there is dispute about what constitutes an approved activity, the final decision will rest with the Executive Vice President and Chief Advancement Officer or his/ her designee.
- Alumni relations
 - Fund development
 - Public relations
 - Government relations
 - School/department communications to alumni or constituents
 - University-sanctioned research
 - Continuing education programs
 - Student recruitment
 - Statistical or other reporting needs
- h. If the information provided will be published in lists or directories in a book, magazine, newsletter, web site or other forms for general distribution among public or alumni groups, individuals to be included must be contacted prior to publication and provided with the Permission to Release Information ⁴ form to indicate whether he/she wishes to be excluded from the published list.

- i. When data from University Advancement are to be used by contracted outside vendors for services such as data processing consultants, direct mail firms, marketing firms, the vendor must agree in writing that:
 - The information will be used only for the purpose intended by the University;
 - Sale or transfer of the information by the vendor is strictly prohibited;
 - The vendor will obtain written permission for publication of names from each person on the list to be published if the project includes publication of lists or directories;
 - The vendor will ensure the prompt return or destruction of any University-owned data discs or electronic lists provided to the vendor to be used in fulfillment of the contract;
 - That the vendor will maintain absolute confidentiality and privacy of the information provided from the database and that the vendor agrees to sign a confidentiality agreement.
- j. Failure to abide by any of the policies above may result in denial of access to information contained in the database. Requests for re-instatement of access to this information must be approved by the Executive Vice President and Chief Advancement Officer or his/her designee.

3. Anonymity of Donors and Gifts

- a. Donors may request to keep a gift anonymous or may request levels of anonymity in gift recognition. In support of the donor's wishes, the University shall:
 - Maintain a separate anonymous account in the advancement database;
 - Maintain permanent records of an anonymous gift and donor history that includes the donor name in a locked filing cabinet and/or an electronic file accessible only to those individuals approved by the Associate Vice President of University Advancement.
- b. Donors must complete Request for Anonymity⁵ which should indicate whether:
 - The anonymity is limited to public announcements and publications, but not required internally among staff;
 - The anonymity must be maintained internally or externally;
 - All communications with the donor are to be restricted to certain individuals named by title;
 - The anonymity is to be maintained permanently, for the donor's lifetime or for another specified duration.
- c. The advancement database cannot track the level of anonymity. However, the written confirmation of the level and duration of anonymity must be kept in the donor's hard copy file and made part of the permanent electronic data records.

- d. The donor must be informed that any internal confidentiality will have to be limited to certain categories of employees and volunteers and that some University staff members will have to be informed of the anonymity request, including University Advancement senior management and data processing staff and select accounting and financial services personnel.

Gift Acceptance

Gift Acceptance Policies

The university will make every effort to accommodate and accept all charitable contributions from donors. However, it will not accept gifts that:

- Violate the terms of this policy;
- Are for purposes that do not further the university's mission;
- Could damage the reputation of the university;
- Are determined too difficult or expensive to administer;
- Could result in unacceptable liability or expenses;
- Would jeopardize the university's tax-exempt status;
- Provides a donor with goods, services or anything of financial value in exchange for said donor's gift unless such value is fully disclosed in the time and manner as required under federal and state law and regulations; or
- Are intended to influence the University's independent decision-making such as in the admissions process, athletic team membership, awarding of scholarships, selection of vendors or other services, property purchases, etc.

Donations to the University require varying levels of review prior to acceptance depending on the amount of risk presented by the gift. A summary below shows the level of approval needed for each class of gift. Gifts of any type not listed below must be treated as High Risk Gifts and submitted for approval. See the Glossary of Gift Terms and Policies by Gift Type ⁶ for explanation of each gift type named below.

The Gift Acceptance Committee (GAC) shall be comprised of the Chair, Board of Trustees; Chair, Investment Committee; Chair, Advancement Committee; EVP and Chief Operating Officer; and the EVP, University Advancement. The Chair of the Advancement Committee chairs the GAC.

1. Minimal Risk Gifts

a. Types of minimal risk gifts:

- Outright gifts of cash paid by cash, check or credit card.
- Pledges of cash valued at no more than \$100,000 and over five or fewer years. Gifts restricted to a particular purpose are documented on a Gift or Pledge Agreement, reviewed by the Associate Vice President of University Advancement and signed by the Executive Vice President and Chief Advancement Officer.
- Publicly traded securities ^{8a & 8b}.
- Cash gifts from donor-advised or donor-directed funds.
- Personal property or artwork whose fair market value is \$25,000 or less.

b. Approval Procedure for Minimal Risk Gifts

- Gift Officers or Deans may accept any minimal risk gifts without approval and process them according to the Gift Processing Policies.

- Personal property or artwork require a Gift-in-Kind Valuation ⁹ form signed by the Associate Vice President of University Advancement. Gifts with a value of more than \$5,000 require either a qualified appraisal (generally paid for by the donor) or a completed IRS Form 8283 provided by the donor that lists the valuation, to establish gift value for the donor's record. If neither are provided, the Associate Vice President of University Advancement will identify and document comparable valuation through third-party sources to determine valuation. In the absence of third-party source documentation, the gift-in-kind will be valued and recorded at \$1 until other valuation documentation is provided, if any.

2. Moderate Risk Gifts

a. Types of moderate risk gifts:

- Pledges of more than \$100,000 or for longer than five years are documented on a Pledge Agreement reviewed by the Associate Vice President of University Advancement and signed by the Executive Vice President and Chief Advancement Officer.
- Real property, especially residential, that is unlikely to be problematic; e.g., land use, environmental or zoning issues.
- Personal Property or artwork whose fair market value is \$25,000 - \$499,999
- Gifts from Individual Retirement Accounts. See Protecting Americans From Tax Hikes Act of 2015 (PATH Act). ¹²
- Bequests or irrevocable estate gifts.

b. Approval Procedure for Moderate Risk Gifts

- The Executive Vice President and Chief Advancement Officer may request attorney review of gift terms prior to accepting any questionable gift.
- Real property gifts are evaluated by the Real Estate Review and Acceptance ¹⁶ form. The process is managed by the Director of Property Management and Real Estate.
- Personal property or artwork require a Gift-in-Kind ⁹ form signed by the Executive Vice President and Chief Advancement Officer. Gifts with a value of more than \$5,000 require either a qualified appraisal (generally paid for by the donor) or a completed IRS Form 8283 provided by the donor that lists the valuation, to establish gift value for the donor's record. If neither are provided, the Associate Vice President of University Advancement will identify and document comparable valuation through third-party sources to determine valuation. In the absence of third-party source documentation, the gift-in-kind will be valued and recorded at \$1 until other valuation documentation is provided, if any.

3. High-Risk Gifts ¹⁵

a. Types of High-Risk Gifts

- All gifts of real property, whether outright, bequest, bargain sale or in CRT that have a likelihood of being problematic: environmental; land use, etc.

- Gifts of personal property or artwork with FMV exceeding \$500,000
- Closely held securities, S-Corp stock, interests in limited liability companies or partnership interests and restricted stock.
- Life insurance
- Life estates
- All pledges with non-standard contingencies or requirements
- Oil, gas or mineral rights or interests
- Copyrights, patents or other intellectual property ownership or licenses
- Items that are unusual or of questionable value

b. Approval Procedures for High Risk Gifts

Proposed gifts are evaluated on a High Risk Gift Review and Acceptance ¹⁵ form which must be approved before further action is taken.

- The Gift Acceptance Committee may request review by counsel for certain types of high risk gifts, particularly conditional pledges, donations of oil, gas or mineral rights and interests and donations of interest or licenses for intellectual property.
- Depending on the type of real property, the Executive Vice President / Chief Operating Officer may require an environmental impact study, property inspection or other necessary assessment. The review and process are managed by the Director of Property Management and Real Estate who completes the Real Estate Review and Acceptance ¹⁶ form.
- All documentation, including legal counsel opinions and high risk reviews shall be kept in the donor's file.

4. Gifts of Artwork to Named Collections

Gifts of art are subject to review and recommendation by Advancement's curatorial staff for compatibility and suitability for addition to the named collections. In addition to a Gift-In-Kind Valuation ⁹, the Deed of Gift ^{11a} is required for all and the Disclosure Letter ^{11a} for artwork valued at \$5,000 or more. The curatorial department has a strict protocol for accessioning artwork, Registration of Art ^{11b}.

5. Services and Partial Interests

Because a charitable gift involves the transfer of ownership of an asset, a gift of services is not a deductible gift. If the service also involves the donation of tangible items, that portion may be considered charitable. Partial interests, such as the use of a vacation home, are not charitable gifts for the same reason.

6. Intellectual Property

The gift of intellectual property must be vetted with Chapman's Office of Legal Affairs.

7. Unacceptable Gifts

Chapman University will not accept some assets as gifts. In special circumstances and after review according to the high-risk gift review procedure, the Gift Acceptance Committee and the President may decide to accept these types of gifts:

- Used automobiles
- Trailer or mobile homes
- Time share interests
- Boats
- Livestock
- General partnership interests
- Other gifts as the Gift Acceptance Committee may deem inappropriate

Gift Recognition and Naming

General Recognition and Naming Policies

Chapman University has a long-standing tradition of naming University properties, academic and non-academic programs, and facilities in honor of persons or entities that have made personal contributions to the University. Recognition must be consistent with the University's mission. Accordingly, all proposals shall be reviewed and approved in accordance with this policy and with related University policies and guidelines. There are special recognition support groups and giving societies for the University or within schools that may have their own criteria and benefits for donor recognition purposes. Unless donors request anonymity, they will be recognized at the appropriate level in these groups.

Recognition Procedures - Philanthropic

The Executive Vice President and Chief Advancement Officer establishes Minimum Gift Levels¹⁷ and guidelines for gift naming opportunities. Gift levels for equipment, programming and conference/symposia should be sufficient to support the project.

1. Procedure for Approval

Gift Officers may submit a request for Major Gift Name Recognition¹⁸ to the Associate Vice President of University Advancement. The request must include the name of the donor to be recognized, the proposed naming opportunity, how much was donated, and how the named gift will be recognized. The Associate Vice President of University Advancement will manage the approval process, depending on the nature of the gift and recognition sought.

a. Minimum Amount

The minimum amount needed to fund the respective opportunities described below may be changed at any time. See the Minimum Gift Levels¹⁷ for current gift opportunities.

b. Facilities

When a facility or area is named in recognition of a donor or a non-donor honoree, that name will generally be effective for the useful life of the facility or the designated use of the area. If a facility must be replaced or substantially renovated, or the use of the area re-designated, it may be named for a new donor, subject to the specific terms and conditions set forth in any gift agreements related to the prior naming action.

- If the building is destroyed by fire, earthquake, flood or other casualty and if the University is able to rebuild the building with the proceeds of insurance payments, the donor's name will be placed on the replacement building in substantially the same manner as it appeared in the original building. However, if the building is demolished because of obsolescence or other circumstances and is not replaced or not replaced with the proceeds of insurance, the donor's contribution will be acknowledged with a plaque in a prominent location in a replacement building or on the facilities of the University. Chapman will maintain recognition so long as the building is owned and used by the charity.

- Gifts donated in order to name a facility at the University must generally exceed one-half the project cost.
- The naming of spaces inside a building, whether new or renovated, requires a suggested minimum of 50% of the cost to build or renovate again in order for a name to be assigned. The following formula will be used to determine the naming amount. Suggested naming amount will be based on square footage, equipment required, special enhancements location visibility and traffic flow.

$$\frac{\text{Cost of Building} / \text{Fundraising Goal}}{\text{Sq. Footage}} = \text{Cost/Sq. Ft.}$$

$$\text{Value of Space} = \text{Cost/Sq. Ft.} \times \text{Size of Space}$$

- An additional gift of an endowment to maintain the facility may also be required.
- All gifts to name a facility are subject to prior approval of University Major Gift and Recognition Committee and the President.
- Capital project committees are required to create a list of naming opportunities within the building aside from the primary naming opportunity for the building prior to establishment of a campaign.

c. Center/Institute/School/Program Naming. The suggested naming gift for a School, College, Center, Institute or Program should be three times the operating budget with approximately two-thirds of the gift designated for endowment. For an example, if the operating budget is \$10 million, the naming gift should be \$30 million with \$20 million designated for endowment.

d. Presidential Chair Naming

- The proper form for naming a Presidential Chair is, The [Donor Name] Presidential Chair in [Subject];
- Candidates for a Presidential Chair must have more than a national reputation, either recognized internationally or clearly moving in that direction;
- Candidates' research and focus should reflect the emphasis of Chapman University's strategic plan for the future;
- Candidates should be a scholar recognized for interdisciplinary accomplishments and focused on a niche that could have international implications;
- Holders of the Presidential Chair should operate University-wide and not be assigned to a single college, school or department. Typically Presidential Chairs will be housed in interdisciplinary research centers or at least have multi-disciplinary/department appointments;
- The endowed funds will not only create a Presidential Chair, but a portion will be used to create a scholarly community, including funding for
 - Two guaranteed and ongoing named research assistant positions;
 - Two Post-doctoral research positions or graduate student fellows;

- Undergraduate scholarships in the professor's field of study;
- A one-time \$50,000 stipend for the first year, termed a "setting-up" grant to help launch the scholarly community.

2. Endowed Funds

- a. All endowed funds will be prudently invested as part of the University's endowment portfolio under the guidance of the Investment Committee of the Board of Trustees.
- b. The appropriation for expenditure for the uses and purposes for which an endowment fund is established (distributions for spending) will commence in the fiscal year which is one year after the fiscal year the gift was received. This is to coincide with the preparation of the annual operating budget.
- c. Distributions for spending are currently made annually at the beginning of each fiscal year. The Executive Vice President / Chief Operating Officer may change this in any fiscal year.
- d. The Finance and Budget Committee of the Board of Trustees governs the distribution policy and rate. The rate is a percentage of the average market value of 20 quarters ending at the last quarter of the fiscal year, two years prior to the fiscal year distribution. In declining markets when an endowment funds' market value falls below the fund's historical gift value, distributions for spending for that fund will be reduced to the prior year total ordinary income. This is done to preserve the value of the endowment.
- e. Earnings above the established payout rate will be reinvested to provide for inflation and growth. This policy ensures preservation of the fund principal for future generations. This policy is subject to change at the discretion of the Board of Trustees.
- f. Donors must sign an Irrevocable Gift or Pledge Agreement that includes language that specifically governs endowments. This form must specify the donor's requested designated use for the funds.
- g. If in the judgment of the University's Board of Trustees it becomes impractical or impossible to accomplish the purposes of the gift as stated in the Agreement, the income or principal or both may be used to fund a different program as close to the donor's original intent as possible.
- h. If Donor is recognized by his or her name on a building or fund and the full value of the gift or pledge is not realized as agreed to in the Irrevocable Gift or Pledge Agreement, the University's Board of Trustees reserves the right to remove the Donor's name from the building or fund.
- i. Annual payouts from funds for endowed faculty positions will be allocated according to amount established by Provost and the Faculty Senate.

- j. At the donor's request, the University may reinvest funds until the principal reaches the minimum level for a designated naming opportunity.
- In these cases, the income from the fund will be reinvested until the fund reaches the minimum level.
 - Income may not be reinvested for more than five years to reach the minimum recognition level.
 - Endowed funds that do not meet the minimum naming opportunity level after five years will be placed into an endowment fund benefiting the purpose as specified by the donor.
3. **Matching Gifts.** If matching gifts are available, they may be added to the donor's gift for the purposes of meeting the minimum naming requirement. They may not be applied to a donor's personal pledge unless allowed by the company matching the gift.
4. **Irrevocable Bequest Pledge and Life Income Gift** Pledges or Life Income Gifts may be recognized with a naming opportunity if the present value of the Bequest or Life Income Gift Pledge meets the minimum gift level at the time of the pledge.

Honorific Recognition Procedures

Definition. From time to time, faculty, staff or friends of the University may have offered such outstanding service that a program, professorship or architectural feature may be named in the person's honor whether or not any donations were received designated to honor that person.

Procedure for Approval. Faculty, Staff or Administration may submit a Request for Honorific Recognition ¹⁹ to the Executive Vice President and Chief Advancement Officer.

The request must include the name of the individual to be recognized, rationale for naming, and information on individual to be honored.

Naming Opportunity Definitions

Endowed Institute or Research and Teaching Center

An academic center specializes in research or teaching in a particular field of study. Often Chapman University centers and institutes offer interdisciplinary study among several disciplines. An Institute or Research and Teaching Center cannot be named unless an endowment is fully funded.

Endowed Chair

Endowed chairs in recognition of a donor provide additional salary and research funds to a tenured professor named to the chair. Chairs named for recognition purposes only will not be filled until the endowment is funded. Chairs will not be named for active faculty members.

Busts of renowned individuals are used to recognize the donors of endowed chairs only. Generally the donor selects an individual who represents the spirit of the endowed chair. The selection must be approved by the Advancement Committee.

Endowed Professorship

Like an endowed chair, a professorship offers a salary supplement, research and teaching support to designated tenured professors, but at a lower level of support. Professorships named for recognition purposes only will not be filled until the endowment is funded. Professorships will not be named for active faculty members.

Endowed (Named) Scholarships

A scholarship may be named and criteria for selection of recipients determined within Federal and state laws and financial aid policy for annual distribution to students meeting the criteria. The donor may not create an endowed scholarship to benefit family members or specific individuals.

Endowed (Named) Fund

A fund may be established to provide partial annual operating funds for an annual program; special research, guest lecturers and stipends for speakers.

Capital Gifts

Gifts made during a capital campaign to build or endow the operations of a building may be recognized by naming rooms or other portions of the building according to the dollar amounts and opportunities devised by the Capital Campaign Committee overseeing the funding of the project. The University President or Executive Vice President and Chief Advancement Officer may also offer recognition in a building for undesignated gifts if the value of the gift is at least 50% of the cost to build the space or building again.

Term Fund

A gift at this level will provide a one-time grant to junior tenure-track faculty, graduate or undergraduate student for research. The gift may be distributed over a minimum of five years.

Library Collections (Leatherby Libraries or Law Library)

A donor who gives an amount agreed upon by the Executive Vice President and Chief Advancement Officer and Dean of the Library or the Director of the Law Library (and the Gift Acceptance Committee if needed) may be recognized by naming a special collection.

Gift Solicitations

Major Gifts

Major gifts are \$50,000 and above with the exception of corporations and foundations which are \$25,000 and above. Major gift proposals may be made by Gift Officers through the prospect management process. If the major gift provides a naming opportunity for the donor, the Major Gift Name Recognition ¹⁸ form must be submitted to the Associate Vice President of University Advancement prior to the solicitation. S/he will obtain the required signatures.

1. The form must include a copy of any formal proposal or other supporting documentation. Signature requirements vary according to the level of naming opportunity. Instructions are provided on the form.
2. When the proposal has been approved by the donor and Chapman, Gift Officers collaborate with the Associate Vice President of University Advancement on a formal Gift or Pledge Agreement outlining the source of funding and gift terms. The Executive Vice President and Chief Advancement Officer signs on behalf of the University upon the approval of the Associate Vice President of University Advancement.

Capital Campaigns

Each capital campaign shall have its own solicitation policies and naming recognition opportunities. Any proposed gifts that are exceptions to the capital campaign policy and naming recognition structure must be proposed using the request for Major Gift Name Recognition ¹⁸.

Chapman Fund

The Chapman Fund (formerly known as the “Annual Fund”) is an unrestricted fund that can be used to provide financial aid to students or operations of the University. Donations to the fund may come from personal visits, direct mail solicitations, Phonathon, corporate matching gift programs, special events and University support groups and other appeals.

A Chapman Fund gift solicitation is usually for gifts under \$50,000 although any amount may be solicited subject to prospect management policies. Leadership gifts are \$1,000 - \$49,999.

Note: To avoid donor relations issues, schools may not keep stand-alone (“shadow”) databases for solicitation purposes.

Strategic Prospect Management

Enhanced levels of effort and productivity require management tools that are only available through consistent use of the advancement database to capture information and analyze opportunities. Strategic prospect management enhances research, cultivation and solicitation for annual and major gifts and is coordinated for each prospect and donor.

Strategic prospect management is an ongoing process throughout the life of the relationship with the donor. It is to the advantage of the donor, institution and gift officer that the process be a priority and not an afterthought.

There are several elements to effective prospect management.

1. Assignment of Relationship Manager

Engaging a prospective donor begins with preliminary qualification to determine if the prospect has a propensity to make a gift and what about Chapman would be of interest. The Office of Prospect Research can provide a more comprehensive prospect profile when appropriate. See Prospect Research Request ²² When a prospect has been qualified, a relationship manager is assigned to begin engaging the prospect. See Assignment of Relationship Manager ²¹

2. Contact Reports

Throughout the relationship with the donor, reports are filed about meaningful contacts. This establishes the donor's history with the institution and provides a record for others who might engage with the donor. See Contact Reports ²³

3. Prospect Pipeline Meetings

Monthly meetings of gift officers and other advancement staff afford the opportunity to discuss current and proposed campaigns, develop donor and solicitation strategies and provide news and training. These meetings should be among the highest priorities of the regular participants. See Prospect Pipeline Meetings ²⁴

4. Moves Management

There is a progression to the successful closing of one gift and preparation to ask for the next. From initial cultivation to ongoing stewardship, it is the Gift Officer's responsibility to move the donor through the pipeline, from strategy to cultivation to solicitation to stewardship and back again. This entails relationship management at its paramount and following a moves management process in the advancement database. See Moves Management ²⁵

Special Events

To ensure that all proposed fund raising events promote the best interest of the University and do not conflict with others, University Advancement has established a protocol.

1. Any event that involves the use of Chapman University, its logo or any other terms implying endorsement by or support of the University must be approved in advance by the Executive Vice President and Chief Advancement Officer or his/her designee.
 - a. Student event organizers must follow the Event Planning Guide provided on the Chapman website by Student & Campus Life. It is important that organizers understand the state and Federal laws for fund raising and that gifts to the club or organization may not be charitable gifts to the university. The Associate Vice President of University Advancement should be consulted for additional guidance.
 - b. Generally, the University accepts fund raising events or programs that promote the good image of the University and will not approve any event that may damage the image of the University.
 - c. Event organizers will not undertake any activity that is unlawful under local, state or Federal law.
 - d. Event organizers must review permit requirements and comply with Alcoholic Beverage Control regulations. The office of the Associate Vice President of Advancement will provide guidance.
2. The Executive Vice President and Chief Advancement Officer or her/his designees reserve the right to deny approval of events that conflict with large scheduled events being conducted on behalf of the University.
3. Expenses of presenting an event supporting the University should not exceed 50% of the expected revenue.
4. According to the Internal Revenue Code, the fair market value of items, services or privileges received by the donor must be determined and clearly stated on all advertising copy, including tickets, posters, invitations or other related promotional materials. The statement must also include the amount charged above those costs that may be tax deductible. The event organizer must consult with the Gift Recorder for the appropriate IRS language to be printed on all promotional materials.
5. If the event sponsor chooses to engage any type of promotional company or individual to coordinate the event, the event sponsors must secure a vendor agreement and submit it for review to the Director of Advancement Operations. The vendor agreement must be signed by the Executive Vice President / Chief Operating Officer to obligate the university. Compensation to promoters shall not be based on commission or percentage of monies raised. The University will decline to participate in any event using paid solicitors to request

donations or sell products by phone. All contracts for vendors or promotional event planners must include a clause that the University will be held harmless for any errors, omissions or acts of the vendor or event planner that may be in contention.

6. Special event bank accounts are not permitted. All gifts must be recorded by the University's Gift Recorder to assure that proper IRS accounting and receipting procedures are followed.
7. The University is not responsible for processing or paying any event expenditures from donated funds designated to the University unless prior authorization is given by the Executive Vice President/Chief Operating Officer or his/her designee.
8. University Advancement assumes no responsibility for promoting the event, although the Director of Special Events and Director of Communication and Media Relations may be consulted for suggestions.
9. Event organizers may not act as agents of Chapman University.
10. The Executive Vice President and Chief Advancement Officer or her/his designee may direct the event organizers to cancel an event if policies are not followed.

Private Foundations and Corporate Gifts

1. Approvals

- a. Before any proposal is contemplated, it is imperative that all proposals are approved by the department chair, Dean, and/or Provost to ensure that the ideas fit within the University's vision and mission and/or departmental/school priorities and goals.
- b. The Director of Corporate and Foundation Relations must be consulted before submitting a request for funding. This avoids multiple requests to the same foundations or corporations and assures that the timing is correct for repeat requests from Chapman University.
- c. If a proposal includes salaries and wages, the Vice President for Research must be consulted.

2. Support Available to Gift Officers from Director of Corporate and Foundation Relations

- a. The Director of Corporate and Foundation Relations will provide or assist with in-depth prospect research and proposal development or writing.
- b. The Director of Corporate and Foundation Relations will also assist by facilitating proposal submissions, adding required corporate documents, identifying potential endorsers, maintaining central files and tracking the acknowledgment and follow-up reporting

process. The Director will also ensure that all funding agreements are reviewed, properly signed by the required Chapman University representatives and returned to the donor.

- c. The Director of Corporate and Foundation Relations will initiate required reports according to the schedule set forth in the funding agreement. In the absence of a specified report schedule, the Director will see that annual reports are provided to the donor for the duration of the funding period.
- d. Reports will include a financial accounting of donated funds and any programmatic information that supports the appropriate use of the funds.

3. Proposal Tracking

Proposals submitted to major prospects (primarily foundations) are tracked in the advancement database. The relationship manager and his or her staff are responsible for having proposal-related information entered and kept current.

Copies of all funding proposals and agreements are to be maintained in the Foundation and Corporate Relations central file.

Deferred Gifts

The Assistant Vice President of Legacy Planning oversees solicitation and administration of all deferred gifts, including bequests, trusts, insurance policies, charitable gift annuities and other deferred gift instruments. Gift Officers must collaborate with the Assistant Vice President of Legacy Planning on cultivation and solicitation strategies.

Advancement Operations and Gift Processing

Central Donor Files

Central files on individual donors and prospects are located in the Advancement Operations Office and are maintained by the Operations staff.

Electronic or hard copies of the following documents must be sent to Advancement Operations staff for the central file:

- Proposals
- Gift documentation
- News clippings
- Documents that record the history of the relationship

Copies of gift acknowledgements are maintained by:

- Schools and colleges
- Chapman Fund
- Manager of Donor Relations for centralized advancement activities; i.e., institutional support; external relations, etc.

The Gift Officers are responsible for helping to build the central file (hardcopy and electronic) so that the institution's historical record may be as complete as possible.

Gift Officers may temporarily check out individual files for the purpose of copying their contents using the photocopier located in the Advancement Operations office.

Funding Opportunities List

Each school, college, and program is strongly encouraged to maintain a Funding Opportunities List (FOL) that contains all potential funding and naming opportunities. The FOL includes the names of faculty members and Gift Officers associated with each project. The list is routinely updated by Gift Officers and approved by the Dean or Director of each school or program. Gift Officers, Deans and faculty members may later add opportunities to the list after review by the Executive Vice President and Chief Advancement Officer.

Purpose. The FOL is a tool that ensures all potential activities receive consideration during prospect research and assignment, optimizing donor-project matches. It is not a menu to be shared with potential donors. University senior staff may prioritize funding needs as necessary.

Opportunities will be listed according to the following categories:

- Capital
- Endowment
- Scholarships

- Student Enrichment
- Faculty Enhancement
- Program Enhancement
- Venture (new programs, centers, schools, departments)
- Resources (unrestricted)

Gift Processing Policies

Once accepted, gifts must be processed according to the following policies. A daily gift report detailing the previous business day's gift and pledge activity is sent to key university staff with a need to know.

A gift or pledge for a new purpose is assigned a unique fund code. The Gift Officer submits the New Gift Account Request ²⁹ to the Gift Recorder. Until a fund code is issued by Financial Services, the Gift Recorder records the gift to a pending account. This is done to ensure the funds are deposited in a timely manner and the donor acknowledged with a gift receipt. Funds deposited into a pending account may not be spent and do not earn interest until transferred to a permanent fund code established by Financial Services.

- 1. Gift Acknowledgements** for all gifts will be issued according to the Gift Acknowledgment Matrix ²⁷ The development staff for each school is responsible for making certain donors are acknowledged appropriately and making signed copies of the cards and letters available for the central files.
- 2. Outright Gifts of Cash, Check or Credit Card.** The Gift Officer or person receiving the funds must fill out the Gift and Pledge Acceptance ²⁸ form and send the gift with the form to the Gift Recorder in University Advancement for processing.
 - a. The Gift Officer or his/her designee must attach all documentation (letter, response card, email, and any notes) from donor so that the gift is correctly recorded for the purpose for which it was intended. If no documentation accompanies the donation, the assigned Gift Officer will contact the donor to verify, in writing, how the gift should be designated.
 - b. All documentation associated with gifts, pledges and pledge payments is scanned by the Gift Recorder and filed in an imaging database. All gift, pledge and pledge payment documentation has been scanned since June 30, 2005.
 - c. The Gift Recorder is an authorized University cashier and is expected to follow fiscal policy and Cash Handling Procedures ³⁰.
- 3. Matching Gifts.** The Gift Officer or his/her designee sends the Gift and Pledge Acceptance ²⁸ form and matching gift form, if one is provided, to the Gift Recorder for processing.
- 4. Pledges.** Pledges can be written irrevocable, written revocable or verbal. They are confidential and provided on a need-to-know basis.

- a. Only written irrevocable pledges are legally enforceable and recorded as an asset of the University. A written irrevocable pledge agreement includes language that the estate will pay the remaining balance if the donor predeceases fulfillment of the pledge.
- b. The Gift Recorder will forward all written irrevocable pledge agreements to the Office of Financial Services with a copy to the Manager of Donor Relations for distribution to those who need to know.
- c. Written revocable pledges are recorded on a formal pledge agreement or, depending on the circumstances, based on a letter or email from the donor. The Gift Recorder will forward a copy of such agreements to the Manager of Donor Relations for distribution to those who need to know.
- d. Verbal pledges are recorded based on a conversation with the donor and followed up by a communication to the donor confirming the conversation.
- e. Pledge payments may be larger than scheduled. Any overage will be applied to reduce the pledge. If the final payment against a pledge will cause the sum of all payments to exceed the originally pledged amount, the payment will be accepted without requiring a modification to the pledged amount.
- f. If the donor specifically indicates s/he is increasing his/her pledge, the pledge record must be modified in writing and, if necessary, rescheduled. However, if the donor indicates s/he wishes to establish a new pledge with the excess payment, a new pledge must be created and the payment split accordingly.
- g. Pledges with outstanding balances may be written off if the donor asserts s/he will not be able to meet the obligation or if the donor does not respond after a reasonable number of pledge reminder letters and phone calls and after consultation with the Executive Vice President and Chief Advancement Officer. Refer to Section 7 for additional information.
- h. Each month, Advancement Operations will advise Gift Officers of their donors who have pledge payments due the following month or are in arrears. By agreement, either the Gift Officer or the Associate Vice President of University Advancement will send a courtesy reminder. This will occur as long as there is an outstanding balance on the pledge.
- i. At 90 days in arrears, the Associate Vice President of University Advancement will advise the Executive Vice President and Chief Advancement Officer who will recommend a course of action.
- k. While the University makes every effort to accommodate donors, up to and including amending their pledge agreements, the Board of Trustees may consider removing the donor's name from a building/fund/plaque or other such remedies if the Pledge obligation is not met.

5. Restricted Funds

A gift for current operations intended by the donor for a specific purpose or to be used at a specific time is temporarily restricted. Written documentation of the donor's intent is required. Depending on the circumstances, the documentation may be a formal gift or pledge agreement, a memorandum of understanding, a letter, or, in rare cases, an email.

6. Endowed Funds

Endowments are permanently restricted funds. A fully executed Irrevocable Pledge or Irrevocable Gift Agreement is necessary to establish an endowed fund for a new purpose. Those formal agreements provide specific language governing endowments.

7. Interest Bearing Accounts

In rare circumstances, the University will consider a request by a donor to establish an interest-bearing account to which the gift funds will be deposited. The Executive Vice President / Chief Operating Officer must approve and the Board of Trustees must pass a resolution to that effect.

8. Legal (Hard) and Soft Credit

Legal or "hard" credit is given to the donor who owned the contributed asset. This is typically the organization or person who last had custody of the donated funds. "Soft" credit is given to show affiliation with a gift. Soft credit donors *may not* take the charitable deduction. For example, if a donor's company makes a matching gift, the donor may receive "soft" credit for influencing the gift. Only the company would receive tax benefit for the gift. However, the donor affiliated with the company's gift may receive other recognition from the University for his/her involvement with the gift. In the case of a married couple, the spouse not receiving hard credit will receive a specific type of soft credit called "spouse" credit.

- a. If soft credit is requested, the Gift Recorder will create a soft credit record for every gift equal to the primary legal gift or pledge payment. The soft credit amount can be overridden to an amount less than the legal amount of the gift, but never in excess of the legal amount. The sum of all soft credits associated with a single gift may exceed the legal amount. However, the sum will not be less than the legal amount.
- b. Married couples who are both alumni of the University will have joint gifts credited 50% to each spouse rather than assign one spouse the gift and the other a spouse credit. Other couples must request in writing that gifts be split evenly among spouses rather than giving hard credit to one and soft credit to the other.

9. Modification of Gifts and Pledges

An existing written pledge agreement or pledge payment schedule may only be modified by a formal amendment to the original agreement. All amendments must be approved by the Associate

Vice President of University Advancement and signed by the Executive Vice President and Chief Advancement Officer before being presented to the donor.

- a. If the total of the pledge or outstanding pledge payments is less than \$250,000, the Executive Vice President and Chief Advancement Officer may approve the amendment.
- b. If the total of the pledge or outstanding pledge payments is \$250,000 - \$1,000,000, the approval of the Gift Acceptance Committee is required.
- c. If the total of the pledge or outstanding pledge payments is more than \$1,000,000, the approval of the Executive Committee of the Board of Trustees is required.

Exceptions to this are:

- a. The annual write-offs of uncollectible Chapman Fund pledges or errors corrected by the Gift Recorder.
- b. Pledges that are deemed uncollectible by the Associate Vice President of University Advancement and the balance outstanding is \$4,999 or less can be written off by notifying Financial Services in writing.
- c. Pledges that are deemed uncollectible and the balance outstanding is \$5,000 or more need the approval of the Executive Vice President and Chief Advancement Officer and the Assistant Controller, Financial Services. Either office may initiate a written request.

Soft pledge and gift amounts may be modified only when a request from the donor is received in writing.

10. Processing Gifts by Payment Type

a. Cash/Check

Gift Officers or designees will provide the Gift Recorder with cash or check and Gift and Pledge Acceptance ²⁸ form.

b. Wire Transfers

Cash gifts may be wired to the University. Donors may wire cash to:

Bank Information

WELLS FARGO BANK
ORANGE PLAZA BRANCH
101 E. CHAPMAN AVE.
ORANGE, CA 92866
ABA# 121000248

International Wires, Swift code: WFBIUS6WFFX

Beneficiary Information

CHAPMAN UNIVERSITY
GENERAL OPERATING ACCOUNT
ACCOUNT# 4833-036445

ONE UNIVERSITY DRIVE
ATTN: FINANCIAL SERVICES DEPT.
ORANGE, CA 92866

c. Credit Cards

The University accepts VISA, MasterCard, Discover Card and American Express for gifts. The Gift Recorder must receive the donor's name as it appears on the credit card, the donor's billing address, the credit card number, expiration date, security code and the amount to process. It is not necessary to be in possession of the credit card. Chapman University strictly complies with PCI Data Security Standards. Extreme care must be taken in delivering credit card information to the Gift Recorder to ensure that the credit card information remains secure. Credit card information should never be transmitted via email, fax, or scanner or other electronic means.

d. Payroll Deduction

Chapman University employees may make charitable contributions to the University by payroll deduction.

- A Payroll Deduction Form is available on the Chapman University website for the employee to authorize the gift. The Gift Recorder and Financial Services set up the deduction.
- The deductions will occur every pay period for the specified time or amount.
- The amount can be changed and the deduction can be stopped at any time by contacting Advancement Operations.
- When an employee has satisfied the pledge, s/he will be contacted by the appropriate Gift Officer and asked if s/he would like to renew the pledge.

e. Stock Transfers

A donor may initiate a stock transfer to fund a gift to Chapman University.

- The donor must contact his/her stockbroker and give instructions to make the transfer in whatever format is required by the donor's broker. The donor's broker must be provided the Stock Transfer Instructions ^{8a} and the Stock Power from Broker ^{8b}.
- The donor should notify the Gift Officer that they intend to make a transfer.
- All publicly traded securities must be received by the Office of Financial Services for valuation prior to being recorded as a gift.

Stock Valuation: Once the University has received the securities, the Office of Financial Services will value the security according to IRS regulations. For publicly traded securities, the value of the gift is the average of the high and the low price of the stock on the date it is received. The transfer date is the date on which the donor irrevocably surrenders the securities. This is the date of postmark or the date of receipt by Chapman University. The Office of Financial Services will send the valuation to the Gift Recorder for processing.

Electronic Stock Transfer Instruction: Securities may be electronically transferred to Chapman University by contacting Morgan Stanley.

David Stauffer
The Stauffer Group
Morgan Stanley
(714) 648-3414 or (800) 733-5181
(714) 564-0572 FAX
Chapman University
Account #: 242-075341
DTC 0015

Mailed Stock Certificates: Stock certificates may be delivered by hand or they may be mailed directly to the Office of Financial Services.

The donor sends in one envelope the unendorsed certificates and a cover letter signed by all donors listed on the stock certificate. The letter must include the donor name, address and the purpose of the gift. In a second envelope, the donor sends a signed stock power for each certificate. Stock power forms can be obtained from the bank or the University Advancement office. The donor should send both envelopes by registered mail.

Hand delivered stock certificates: Stock certificates and a cover letter may be given to the Office of Financial Services.

Mutual funds cannot be electronically transferred and it may take two to six weeks to complete the transaction. The Office of Financial Services should be contacted to provide necessary instructions.

Federal regulations require that the party wiring funds indicate the beneficiary's address. Chapman University's official address is:

f. Tangible Personal Property - Gifts-in-Kind

The Gift-in-Kind Valuation⁹ form is delivered to the Gift Recorder accompanied by a Gift and Pledge Acceptance²⁸ form. If the gift is valued at more than \$5,000, a qualified appraisal, IRS Form 8283, or documented comparable valuation through third-party sources should be attached to the Gift and Pledge Acceptance²⁸ form to add the item to Chapman's fixed asset list. In the absence of an appraisal, IRS Form 8283 or third-party source documentation, the gift-in-kind will be valued and recorded at \$1 until other valuation documentation is provided, if any.

Artwork. A copy of an Artwork Deed of Gift should be attached to the Gift-in-Kind Valuation⁹ form. If the value of the artwork exceeds \$5,000, a Disclosure Letter^{11a} should also be attached.

Fixed asset. If the tangible personal property is a single asset valued at more than \$1,000, the Gift-in-Kind Valuation⁹ form plus all attachments are forwarded to the Office of Financial Services for general ledger entry as a fixed asset.

Disposition of donated property within one year of the gift. This provision only applies to donations valued at \$5,000 or more where Chapman University signed IRS Form 8283 on behalf of the donor. According to the Pension Protection Act of 2006, Gifts-in-Kind may be deducted by the donor at the fair market value only if Chapman University uses the gift in furtherance of its tax-exempt purposes. If Chapman University disposes of the donated property within the year of the gift, a letter signed by an officer of the University must be sent informing the donor that the property has been disposed of with one of the qualifications below.

- If Chapman University disposes of the donated property, but could have used it for its tax-exempt purpose, the letter must tell the donor that his or her deduction is limited to the cost basis of the property; OR
- If Chapman University disposes of the donated property because its intended use becomes impossible or infeasible to implement, the letter must state that the intended use was impossible or infeasible. In this case, the donor may still claim the full deduction. The statement must either (1) certify that the use of the property by the donee was related to the purpose or function constituting the basis for the donee's exemption, and describe how the property was used and how such use furthered such purpose or function; or (2) state the intended use of the property by the donee at the time of the contribution and certify that such use became impossible or infeasible to

implement. The organization must furnish a copy of the certification to the donor that can be sent to the IRS.

Disposition of the property after year one, but prior to the end of year three following the gift. This provision only applies if the original donation was valued at \$5,000 or more and Chapman University signed IRS Form 8283 on behalf of the donor. If Chapman University disposes of the property after the first year of the donation, but before the end of year three following the gift, a letter must be sent to the donor with one of the qualifications below.

- If the property could still have been used for Chapman University's tax-exempt purpose, the donor must include as ordinary income the difference between the cost basis of the gift and the deduction claimed; OR
- If the property's use becomes impossible or infeasible, the letter must indicate the property's disposition, the reason, and that the donor may still take a deduction.

Penalty for misidentification of property use. Under The Pension Protection Act of 2006, donors face a penalty of \$10,000 if they identify property as having a related use to Chapman University if they know that it is not intended for that purpose (for example, if they know at the time of donation that Chapman University intends to sell the property). If the University sells, exchanges or trades appraised property for which it signed an appraisal summary (IRS Form 8283) within three years of the gift date, the University must file IRS Form 8282 within 125 days of the date of sale or disposition of the asset.

g. Closely Held Securities, Oil, Gas or Mineral Interests

After review according to the policy for High Risk Gifts, the deed, appraisal, and description are forwarded to the Office of Financial Services for valuation and entry on the general ledger. A Gift-in-Kind Valuation ⁹ form must also be forwarded to the Office of Financial Services.

- The Office of Financial Services will provide valuation to the Gift Recorder for processing.
- When the donor provides IRS Form 8283, University Advancement staff will ensure the form is appropriately signed by the Executive Vice President/Chief Operating Officer and returned to the donor.

h. Legacy Gifts

Bequest actualized gifts (distributions). The Office of Legacy Planning will deliver all proceeds to the Gift Recorder accompanied by the Gift and Pledge Acceptance ⁹ form. Any information regarding the designation of the gift must be attached to the form.

Bequest gifts other than cash. The Office of Legacy Planning will notify the Executive Vice President and Chief Advancement Officer and/or the Executive Vice President / Chief Operating Officer for instructions.

Charitable Remainder Trusts, Pooled Income Funds and Gift Annuities. The Office of Legacy Planning shall negotiate the gift and compute and report all necessary arrangements with the donor, which may include:

- Document preparation;
- Account-opening documents;
- Tax identification numbers and tax forms, cost basis, holding period and means of acquisition of the property;
- Ultimate designation of the use of funds at termination of the income beneficiary(ies)'s interest.

Responsibilities of the Office of Legacy Planning for Trusts, Pooled Income Funds and Gift Annuities

- The Office of Legacy Planning is not authorized to sign agreements on behalf of the University, assume investment management responsibility or do necessary accounting.
- The cover letter with a proposal or testamentary agreement must encourage the donor to seek review by donor's own legal counsel and financial advisors prior to confirming the gift.
- The Office of Legacy Planning forwards all agreements and supporting documentation to the selected trust company or bank and Office of Financial Services.
- The Office of Legacy Planning confirms that the gift annuity administrator files charitable gift annuities with the State of California Department of Insurance with copies maintained by the Office of Legacy Planning. Original executed documents are delivered to the Office of Financial Services.
- For annuities, the Office of Legacy Planning delivers a Planned Gift Review ³¹ form to the Gift Recorder, accompanied by the Gift and Pledge Acceptance ²⁸ form. Copies of all documents must be attached to the Gift and Pledge Acceptance ²⁸ form.
- Upon passing of the last beneficiary, the Office of Legacy Planning requests a death certificate. The death certificate and a letter requesting distribution of the remainder are forwarded to the appropriate trust company. The original death certificate is given to the Office of Financial Services along with the proceeds from the trust.

i. Insurance Policies

The Office of Legacy Planning must follow the following process procedures for insurance policies given to the University.

- The Office of Financial Services will request a premium payment from the donor. The payment will be forwarded to the Gift Recorder for processing.
- Upon passing of the insured, the Office of Legacy Planning requests a death certificate. The death certificate and a letter requesting distribution of the policy proceeds are forwarded to the insurance company. The original death certificate is given to the Office of Financial Services along with proceeds from the policy.
- Under the Pension Protection Act of 2006, Title XII.B(1), an information report must be filed with the Federal Secretary of Treasury for all life insurance policies where Chapman University may have an interest other than as a beneficiary. There are numerous exemptions and the Office of Legacy Planning, along with the Office of Financial Services, will review the regulations prior to filing the report to determine whether the report is required based on provisions of the donated insurance policy.

9. Administration of Trusts and Charitable Gift Annuities

- a. The donor may choose anyone to serve as a trustee of a Charitable Remainder Trust (CRT). If the donor chooses to work with a commercial trustee, the University takes no responsibility for administration. Chapman will not serve as or assign the role of trustee for a CRT, Charitable Lead Trust, or other estate gift.
- b. For historic existing trusts where the University is the trustee, it must perform all required duties in an exemplary manner and assume all fiduciary responsibilities. Beneficiary dissatisfaction with trust administration may result in displeasure with the University and imprudent management of the trust may result in loss in value of the remainder interest as well as penalties to the University as trustee for breach of fiduciary duty.
- c. Administration of a trust or gift arrangement where the University is (historically) the named trustee is the responsibility of the Office of Financial Services. The nature of the required administrative support services is determined by the plan selected that provides greatest benefit to the donor, the kind of property used to fund the gift, the specific needs and objectives of the donor, and the specific objectives of the University.
- d. To assure that the administration and growth of the remainder value are successfully implemented, the Office of Legacy Planning and the Office of Financial Services will collaborate closely.

10. Responsibilities of University Parties in Managing Legacy Gifts

Office of Legacy Planning responsibilities:

- a. Consult and provide assistance on all donor correspondence and visits from other University staff members that include discussion of legacy planning;

- b. Negotiate the terms of the gift, including computation and reporting tax consequences and all necessary arrangements with the donor;
- c. Specifically request the following information about each legacy gift donor:
 - Fund or trust name
 - Names and addresses of donor(s) and beneficiaries together with their relationships
 - Names and addresses of the donor advisory team, including attorney, accountant, bank, professional advisors or agents as appropriate for recording and reporting purposes
 - Birth dates and Social Security numbers of donor(s) and all beneficiaries as required for tax computation and fiduciary reports
 - Tax calculation forms and reports
 - The nature of the gift property for tax and payout purposes
 - Cost basis, holding period and means of acquisition of the property
 - Dates of transfer, valuations, dates and methods, payment dates, fiscal year and type of agreement
 - Special considerations such as type and timing of income, preferred tax treatment of income or special investment objectives
 - Ultimate designation of use of funds at termination of the income beneficiary(ies)' interests.

The Office of Financial Services Responsibilities:

- a. When the University is (historically) co-trustee with a commercial or corporate administrator, the following functions are not required. The following duties *are* required when the University is the sole trustee:
 - Execute or complete transfer of property
 - Establish and maintain all records and accounts
 - Confirm valuations, payment rates and schedules
 - Oversee payments and reports to donor/income beneficiaries facilitated by agent
 - Prepare and file all fiduciary reports, tax return information and requirements for compliance

Board of Trustees Responsibilities:

- a. The Board of Trustees, through its Investment Committee and the Executive Vice President / Chief Operating Officer shall:
 - Establish investment policies for the various types of funds and trust accounts
 - Monitor the performance of the investment managers
 - Comply with regulations for trustees where applicable

11. Administration of Probate Gifts

- a. All documents and notices regarding a bequest gift in probate shall go to the Assistant Vice President of Legacy Planning. The Legacy Planning Office will forward copies of all documents to the Legal Affairs Office.
- b. All communication with the family and executor shall be made by the Office of Legacy Planning. Involve the Executive Vice President and Chief Advancement Officer if the benefactor was a board member.
- c. Outside legal counsel shall be engaged as needed to manage the probate or appeals process on any estate gifts.

12. Substantiating Gift Values

a. Appraisals

- Under the Pension Protection Act of 2006, a “qualified appraisal” is an appraisal of the property prepared by a qualified appraiser (see below) in accordance with generally accepted appraisal standards or other guidance prescribed by the Secretary of the Treasury.
- All non-cash donations (personal property and artwork) valued at \$5,000 or more require either a qualified appraisal or a completed IRS Form 8283 provided by the donor that lists the valuation, and must be donated within 60 days of receiving the appraisal or 8283. If neither are provided, the Associate Vice President of University Advancement will identify and document comparable valuation through third-party sources to determine valuation. In the absence of third-party source documentation, the gift-in-kind will be valued and recorded at \$1 until other valuation documentation is provided, if any.
- The donor is responsible for scheduling and paying for the appraisal.
- The donor is responsible for taking a photo of any donated artwork valued at \$20,000 or more for required submission to the Internal Revenue Service (IRS).
- The Executive Vice President / Chief Operating Officer will sign Section B, Part IV of the IRS Form 8283 provided by the donor if the items are valued at \$5,000 or more so that the donor may file this document with his or her tax return. The University does not take responsibility for filing this required form on behalf of the donor.
- Acknowledgment from the University only implies the University received the gift valued on the date of appraisal and does not confirm the actual value of the gift.

b. Qualified Appraiser

Under the Pension Protection Act of 2006, “qualified appraiser” is an individual who:

- Has earned an appraiser designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements as determined by IRS regulations;
- Regularly performs appraisals for which he/she receives compensation;

- Can demonstrate verifiable education and experience in valuing the type of property for which the appraisal is being performed;
- Has not been prohibited from practicing before the IRS by the Secretary of the Treasury at any time during the three years preceding the conduct of the appraisal;
- Is not excluded from being a qualified appraiser under applicable United States Treasury regulations.

13. Premium Value Gifts (Quid Pro Quo Rule)

Premium value (quid pro quo) is not allowed in exchange for gifts from an IRA or Roth IRA or donor advised fund. For example, a donor may not pay for an event dinner with funds from his or her IRA, Roth IRA or donor advised fund.

Receipts for contributions made to Chapman University will reflect whether or not goods or services were provided in exchange for the contribution. Currently, the IRS has established provisions allowing for full deductibility of a contribution, even when *certain* goods and services were provided, if the contribution and goods and services meet certain criteria. The limitations on such goods and services are detailed in IRS Publication 1771 and are subject to change on an annual basis.

14. Raffles

The Office of the Attorney General of the State of California has found that as an educational institution, Chapman University is exempt from filing, registration, and reporting provisions of Government Code section 12580, et seq. However, Chapman is subject to all other provisions under Penal Code 320.5, Charitable Raffles.

15. Auctions

Auctions may be held with the permission of the Executive Vice President and Chief Advancement Officer. Donated items to be offered in the auction are accepted and processed as any other tangible personal property/gift-in-kind. During the auction, the fair market value of the item offered will be clearly presented. If the purchase price of the auctioned item is more than the stated fair market value, then a gift receipt for the difference will be generated. If the purchase price is equal to or less than the stated fair market value, it is not considered a gift and a gift receipt will not be issued. If a fair market value cannot be established, whatever the buyer is willing to pay becomes the fair market value and there is no charitable gift.

16. Payment of Fees and Costs

- a. The donor normally is responsible for paying all costs required by the University to accept a gift (e.g. appraisal fees, insurance premiums).
- b. Upon request of the donor, the University may pay reasonable fees for appraisals of real property, legal services or administration costs of trusts, charitable gift annuities or estate

gifts. Payment of such fees must be approved by the Executive Vice President / Chief Operating Officer.

c. Special fees

- Finder's Fees. In accordance with the Model Standards of Practice for the Charitable Gift Planner endorsed by the National Committee on Planned Giving, Chapman University will not pay compensation of any kind, including finders' fees, to commission-based gift planners or others who are not employed by the University.
- Donor's Legal or Appraisal Fees. Upon request of the donor and with the subsequent approval of the Executive Vice President and Chief Advancement Officer and the Executive Vice President / Chief Operating Officer, the University may pay legal or appraisal fees on a case by case basis.

17. Investment of Donor Funds

- a. Donors may be assured that their gifts will be invested in a manner consistent with the policies of Chapman University as outlined in the Investment Policies and Fiscal Policies of the Board of Trustees.
- b. Donors may not direct that specific investments be made or direct that a specific investment manager be used.

Allocation of Gifts

1. Unrestricted Gifts

- a. The appropriate Executive Vice President, Dean or Director or his/her designee will assign the use and allocation of unrestricted gifts so that it is consistent with the specified intent of the donor.
- b. Corporate matching gifts will be credited to the donating corporation's gift record. Such matching gifts will, however, be deposited into the fund for which the individual employee/donor's gift was made unless the corporation specifies otherwise.
- c. Unrestricted corporate gifts or grants made or computed on the number of Chapman University trained personnel in the corporation's employ or under a similar formula will be allocated to unrestricted University funds unless information is furnished by the corporation indicating a clear intent that the gift be credited to a particular area.

2. Deferred, Restricted or Endowed Gifts

- a. The University Board of Trustees reserves the right to redirect restricted or endowed funds, in consultation with the donor if possible, if the original designated purpose for the gift is no longer possible or practical.

- b. If the original gift was made by bequest or trust, the University may contact the trustee, executor or administrator for advice on where to redirect the funds.
- c. All gift agreements shall contain language that clearly states to the donor that the University may redirect an estate gift if the original purpose can no longer be sustained and that the trustee, executor or administrator of estate gifts shall be consulted for advice on where to redirect the gift.
- d. The Executive Vice President and Chief Advancement Officer may designate the use of unrestricted gifts, whether cash or an estate gift, up to \$50,000 in value. The Board of Trustees must designate the use of any unrestricted gifts over \$50,000.
- e. Significant realized bequests not otherwise restricted shall, at the direction of The Executive Vice President and Chief Advancement Officer, be referred to the Board of Trustees through a formal resolution to be considered for endowment.

3. Pending Account

- a. Occasionally a gift arrives and the identity of the donor and/or the donor's intended use of the funds are not clear. In those cases, the Gift Recorder deposits the gift in a pending account until the donor and/or intent can be determined. Every effort will be made to resolve the pending account by May 31st of each fiscal year. Gifts put into the pending account close to the May 31st deadline will be granted an extension.