



Gift Acceptance Policy

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I. About the University of Wisconsin Foundation (UWF) (aka WFAA)

The University of Wisconsin Foundation (UWF) is the official fundraising and gift-receiving organization for the University of Wisconsin–Madison (UW-Madison), its affiliates, and UW Health (including UW Carbone Cancer Center).

UWF is a private, not-for-profit corporation that encourages individuals and organizations to make gifts and grants to UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center). UWF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, is classified as a public charity, and is eligible for charitable tax deductions under Section 170(b)(1)(A)(ii).

II. Purpose

UWF is responsible for recording and receipting all gifts and pledges in accordance to Internal Revenue Code (IRS), Council for Advancement and Support of Education (CASE), and Financial Accounting Standards Board (FASB) regulations. The purpose of this Policy is to address the types of gifts UWF can accept, required documentation for each type of gift asset, any applicable minimum gift amounts required, and valuation of each gift type for purposes of recording in UWF's gift records.

All gifts, whether or not mentioned in the Policy, should adhere to the following principles:

- Support UWF's Mission: To promote the welfare of and advance the objectives of UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center) by encouraging the interest, engagement, and financial support of alumni, donors, friends and patients.
- UWF's or UW-Madison's, its affiliates and UW Health (including UW Carbone Cancer Center) Reputation: UWF will not accept a gift which may damage or compromise UWF's or UW-Madison's its affiliates or UW Health (including UW Carbone Cancer Center) reputation or core values.
- Donor Intent: All gifts should be derived from a donor's motivation to philanthropically support UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center) mission through their gifts to UWF.
- Gift Administration: UWF must retain sole control over the administration and financial management of all gifts.

III. Key Definitions

A. What is a Gift?

The IRS defines a charitable contribution as *“a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value.”*¹

UWF and UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center)² further requires that any gift made to UWF meet the following criteria:

- The gift must be consistent with the mission of the UWF, which is to support the UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center).
- The gift must provide financial support for broadly defined areas (such as professorships, scholarships, building projects, fellowships, and other activities), or may provide for “unrestricted” use at the discretion of a defined campus unit/department/school.
- No detailed technical or fiscal reports may be required as a condition of the gift. If detailed fiscal or technical reports are required, the gift becomes a sponsored project (see below) which must be awarded to UW-Madison Office of Research and Sponsored Programs.
- All patents, copyrights, and other intellectual property rights that result from activities supported by the gift are not claimed by the donor.
- The gift contains no restrictive provisions, such as delays or advance notice concerning publication or dissemination of data and information derived from activities supported by the gift.
- The gift must be irrevocable.³
- The gift must not be eligible for special deposit (see below).

In addition to the gift criteria above, UWF may not accept revenue from university-sponsored revenue generating activities such as fees for laboratory and other services, payments for facility use, merchandise sales or payments on contractual or business arrangements. All such funds must be deposited directly with UW-Madison into appropriate accounts. Most non-advancement related revenue from UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center) may not be accepted.

If a gift meets these requirements, UWF will provide written acknowledgement to the donor that his or her gift has been received, which may be used by the donor for charitable tax deduction purposes.

¹ Internal Revenue Service, Pub. No. 526, Charitable Contributions: For use in preparing 2018 Returns, p. 2 (Mar. 12, 2019), available at <https://www.irs.gov/pub/irs-pdf/p526.pdf> (last visited Dec. 27, 2019).

² UW-Madison Administrative Policy #131 – Gift Funds Policy (last updated July 30, 2018), available at <https://businessservices.wisc.edu/documents/131-gift-funds-policy/>.

³ IRS regulations prohibit a donor from taking a charitable tax deduction for a gift if it is dependent “upon the performance of some act or the happening of a precedent event.” 26 C.F.R. § 1.170A-1(e).

Additional acknowledgements may be sent by UWF and/or UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center) staff for stewardship purposes.

B. What is a Sponsored Project?

Sponsored projects include research, instruction and training, public service, fellowships, and other scholarly and creative activities conducted under the direction of UW-Madison faculty and staff but funded by an outside sponsor that requires a specific statement of work, detailed financial accountability, and compliance with the sponsor's terms and conditions. If the award is for a sponsored project, it must be processed through the UW-Madison Office of Research and Sponsored Programs (RSP).

The following conditions characterize a sponsored project and help to distinguish such agreements from gifts that may be accepted by UWF. Placement toward one side or the other, taken together with the analysis of the intent and source of the funds and terms of the agreement, should help to classify questionable awards. Note that the term "grant" is not definitive in whether funds are considered a gift or for a sponsored project, as many types of donors refer to their monetary donations as grants.

The Controller, Director of Legal Affairs, and/or RSP should be contacted early in discussions with a potential donor/sponsor for assistance in making a determination as to whether a particular source of funds is a gift or sponsored project.

Characteristics of a Gift	Characteristics of a Sponsored Project
Funding does not originate from a governmental agency.	Funding often originates from governmental agencies but also with non-governmental sponsors.
For a general or specific purpose; for example, endowment, capital projects, a line of research, faculty support, student financial aid, a department, library, arts, scholarships, facilities, instruction, etc.	For a specific statement of work, e.g. specified protocol, experiments, testing of hypothesis, particular line of inquiry or for a specified research project, specific instruction or other sponsored activities.
Few, if any deliverables (other than reports as noted below, and use of funds as requested and awarded).	Deliverables defined by agreement, e.g. reports, research results, IP rights, equipment, etc., and funds may be withheld pending delivery.
No restrictions on publication rights. Publication attribution may be encouraged or agreement may be silent on attribution. Sponsoring organization may require something similar to "Research made possible by a grant/gift from..." language.	Agreement requires attribution to the sponsor and often asks for or requires minor publication delays.
Proposal may be informal, e.g. a letter proposal from an individual, department, office or school, or the grant making organization may require a	Sponsor requires formal and detailed proposal and/or contractual agreement. Must be submitted through the UW-Madison Office of Research and

Characteristics of a Gift	Characteristics of a Sponsored Project
formal proposal with specific guidelines and required information.	Sponsored Programs or Division Offices as allowed.
Often require only general stewardship and communication as a courtesy to donor, e.g. progress reports, reports of expended funds and balance.	May require detailed financial and other reports, e.g. scientific reports, invention reports, financial reports in sponsor specified format. May include the right of the sponsor to audit the information.
No requirement for return of unexpended funds.	Budgets and project period may lead to unexpended funds that must be returned if there is no approval to carry forward or extend project.
No required pre-approvals for expenditures unless a change of circumstances arises that may cause UWF to revisit the purpose of the gift with the donor.	Certain expenditures may require prior written approval by sponsor.
Some gifts may be combined into one fund (if for the same purpose).	Must be separately budgeted and accounted for.
Qualifies for tax treatment as charitable contribution by donor.	May qualify for basic research tax credit for sponsor.
No obligation or agreement to share data with donor. Donor willing to relinquish intellectual property and data rights to UW-Madison. Donor may request progress reports as noted above.	Sponsor expects or requires access to data, primary records, or has ability to audit data collection

C. What is a Special Deposit?

Special deposits are items that cannot be processed through the UWF membership or UWF's Gift Processing channels. Examples of a special deposits:

- Reimbursements related to a direct vendor payment. This may include reimbursement for an overpayment, duplicate payment, or inadvertent payment.
- Refunds from UW-Madison for legitimate overpayment of a requested 233 transfer or related to a 233 transfer processed in error.

IV. The Gift Acceptance Committee

The UWF Gift Acceptance Committee (GAC) is responsible for approving all changes to the Gift Acceptance Policy, in addition to reviewing potential gifts that would fall outside of UWF's standard procedures and practices. The following are examples of gifts/actions that must be brought to the GAC:

- Gifts of real estate, closely -held securities (private stock), precious coins, cryptocurrency, etc.
- Gifts that would draw significant public attention to UWF and/or UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center).
- Gifts that may have reputational implications for UWF and/or UW-Madison, its affiliates or UW Health (including UW Carbone Cancer Center), including gifts from international donors, especially for international donors whose annual donations to UWF and/or UW-Madison total \$250,000 or greater.
- Gifts where the donor is requesting UWF to apply a dollar cost averaging (DCA) approach into the endowment pool. As a general rule UWF does not, by itself, participate in market-timing decisions with donor dollars and, therefore, will not DCA donor gifts by itself without the approval of the GAC.
- Super Anonymous Gifts where the donor is requesting anonymity with campus.
- Gifts that may have real or apparent conflicts of interest for the donor or UWF Officers.

The GAC is composed of a named representative(s) from Legal Affairs, Finance (CFO or Controller) and Development departments. The GAC will be chaired by the Controller. No delegation of committee responsibilities to other UWF staff can be extended without GAC approval.

The GAC will meet quarterly to review any proposed changes to the Gift Acceptance Policy and to review gifts being presented for consideration. The GAC requires a quorum of members present at the meeting to act; however, if the GAC is not unified in its decision around the acceptance of a gift, both the President and Chief Advancement Officer will be consulted. If gifts require GAC review between quarterly meetings, the GAC may discuss and vote via email. Gifts subject to GAC review should be presented to the Committee by contacting the GAC Chairperson (Controller).

V. General Gift Processing Requirements

A. Gifts Must Be Designated to UWF

UWF accepts gifts under its legal name of "University of Wisconsin Foundation," or similar variations such as "UW-Foundation" or "Wisconsin Foundation and Alumni Association." Donors should be instructed to make checks payable in this manner with gift designation information placed on the memo line of the check and/or described in donor correspondence.

UWF cannot legally accept checks or gifts directed to "University of Wisconsin," "University of Wisconsin – Madison," or the "University of Wisconsin Board of Regents." These gifts must be directed to the University of Wisconsin System.

B. Fund Minimums

A minimum of \$25,000 investable cash is required to establish a new Endowment or Quasi-Endowment fund, and to purchase initial units in the Endowment Pool. A commitment (binding or nonbinding) of

\$25,000 or more is adequate to establish a new fund, but monies will not be invested until an initial investment of \$25,000 or more is available in cash form.

A minimum of \$1,000 is required to establish a new Callable Fund. Callable funds may be established via a documented commitment (binding or nonbinding), so long as the donor's first pledge payment is at least \$1,000.

Exceptions must be approved by the Controller and at the discretion of the Controller, may be presented to the GAC for comment or approval.

C. Gift Receipts

IRS Publication 1771, Charitable Contributions – Substantiation & Disclosure Requirements, imposes both recordkeeping and substantiation rules on donors and disclosure rules on charities that receive certain quid pro quo contributions (see below). In summary:

- Donors must have a bank record or written communication from a charity for any monetary contribution before the donors may claim a charitable contribution on their federal income tax returns.
- Donors are responsible for obtaining a written acknowledgment from a charity for any single contribution of \$250 or more before the donors may claim a charitable contribution on their federal income tax returns.
- Charitable organizations are required to provide written disclosures to donors who receive goods or services (see “Quid Pro Quo Contributions” below) in exchange for a single payment in excess of \$75.

In order to receive a receipt, a donor must make a gift that qualifies as a tax-deductible charitable gift per IRS rules. UWF's Gift Processing department issues official gift receipts for all qualified gifts, except for life income arrangement gifts and gifts in kind which are issued by the Gift Planning department. In order to assist donors in their substantiation requirement, UWF's official tax receipt should include: (1) name of our organization, (2) amount of the cash contribution, (3) a description (but not the value) of non-cash contributions, (4) a statement that no goods or services were provided by the organization in return for the contribution, if that was the case and (5) a description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution. NOTE: A not-for-profit can satisfy the last requirement if either the solicitation piece or the tax receipt contains a description of the goods/services provided in return for the contribution.

D. Gift Valuation and Appraisal of Noncash Gifts

The “fair market value” (FMV) of a gift is used when recording the gift in UWF's database. The IRS explains:

Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with

neither being required to act, nor both having reasonable knowledge of the relevant facts.⁴

For many types of gifts accepted by UWF, calculating the FMV is relatively straightforward and UWF's receipt is sufficient for the donor to claim a charitable tax deduction. However, for gifts other than cash or publicly traded securities that are valued at more than \$5,000 (or closely held securities valued at more than \$10,000), Form 8283 (Noncash Charitable Contributions) is required by the IRS for the donor to take an income tax deduction. The donor is responsible for completing a Form 8283 and submitting it UWF for signature. Any Corporate Officer may sign a Form 8283 on behalf of UWF. A qualified appraisal must be conducted by the donor in order to support the value claimed on Form 8283. UWF will use the appraised value in recording the gift in ABE. If we do not receive this information from the donor, UWF will record the gift with a \$1 value until such time a valuation is provided.⁵

E. Quid Pro Quo Contributions

A quid pro quo contribution is a gift made to UWF partly as a charitable contribution, and partly in exchange for goods or services.⁶ For example, if a donor gives UWF \$100 and receives a theater ticket valued at \$40, the donor has made a quid pro quo contribution. In taking a charitable tax deduction for the gift, the donor must reduce the value of the contribution by the fair market value (FMV) of the benefits received. FMV is defined by the IRS as either the stated price of an item (e.g., the established price for the theater ticket) or the amount someone would typically pay to receive a similar benefit.

However, the IRS allows UWF to disregard goods and services provided to donors that have "insubstantial value." "Insubstantial value" is defined as no more than 2% of the donor's contribution or \$112 (for 2020)⁷, whichever is less.⁸ The following are also considered to have insubstantial value:

- **Token Items:** Token items such as bookmarks, calendars, key chains, mugs, t-shirts, and other such items that bear UWF's/ UW-Madison's name and logo are considered to have insubstantial value so long as the donor's gift was in the amount of at least \$56 (for 2020) *and* the cost to UWF for production of the item is \$11.20 or less (for 2020). If more than one token item is provided to the same donor in a given calendar year, the total amount of UWF's cost of production for all token items combined cannot exceed \$11.20 (for 2020).
- **Membership Benefits:** Charitable organizations that offer certain membership benefits in return for an annual payment of \$75 or less may treat such benefits as having insubstantial value as well. Examples are free or discounted admission to members-only events with a per-person charge

⁴⁴ Internal Revenue Service, Pub. No. 561, Determining the Value of Donated Property, p. 2 (April 2007), available at <https://www.irs.gov/pub/irs-pdf/p561.pdf> (last visited Jan. 2, 2020).

⁵ If UWF sells or otherwise disposes of a donor's noncash contribution within 3 years of the gift, it must file Form 8282 (Donee Information Return) with the IRS and send a copy to the donor, unless the donor certified in the Form 8283 that the appraised value of the gift was \$500 or less.

⁶ See Internal Revenue Service, Charitable Contributions – Quid Pro Quo Contributions, (last updated Feb. 13, 2020), <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contributions-quid-pro-quo-contributions>.

⁷ Amounts indicated by "for 2020" are updated annually by the IRS.

⁸ If a donor's contribution meets or exceeds \$5,500, the \$112 cap would apply. Conversely, if a donor's contribution is less than \$5,500, the 2% cap would apply.

limited to the cost of a low-cost article, free or discounted parking, preferred access to goods or services such as discounts offered by retailers to members only.

In addition to those items treated as “insubstantial,” the IRS considers newsletters provided to donors as having no measurable value such that their receipt does not impact the donor’s charitable deduction. Newsletters or other publications that are not of commercial quality are treated as though they do not have measurable value as long as their primary purpose is to inform members about the activities of the charity and are not available to the public through subscriptions or newsstands. Generally, publications that contain articles written for compensation and that accept advertising are considered commercial-quality publications and have measurable fair market value. Professional journals, whether or not their articles are written for compensation, or whether or not advertising is accepted, are considered commercial-quality publications.

Note that benefits provided to donors in the form of cash or cash equivalents (e.g., gift cards) are never considered insubstantial by the IRS.

F. Refund/Transfer of Gifts

Tax deductible donations to the University of Wisconsin Foundation are irrevocable conveyances which cannot be reversed or taken back by the donor. Because gifts are irrevocably made by the donor, UWF will not donate or transfer property, including gifts, to other charities, nor return gifts to donors. UWF may make rare exceptions in accordance with the below and with approval by the Controller in consultation with the Chief Financial Officer, the Chief Advancement Officer, or the Chief Legal Officer.

For the respective policy relating the WAA events, please reference the policy [here](#).

1. Gift Refunds

Requests for a gift refund will be approved only in rare cases, generally when the gift was made in error or the intended use of the gift was never possible or became impossible shortly after the gift was made. If possible, the associated gift officer should work with the donor to re-designate the gift to a different purpose. If the donor is unwilling to re-designate, the reversal would need approval of the Controller, Chief Advancement Officer, or Chief Legal Officer.

Note that, whether a donor needs to provide a W-9 and whether a 1099-NEC is issued to the donor as a result of the refund is dependent on the timing and amount of the refund. In addition, if a donor has taken a charitable tax deduction for a gift that is later returned, UWF will revoke the originally issued tax receipt by issuing a Letter of Revocation. A donor should be encouraged to consult their own tax advisor on the legal and tax implications of a returned gift.

2. Gift Transfers

As with requests for gift refund, requests to transfer a donor’s gift to another charitable entity will be approved only in rare cases. Upon a request to transfer a donor’s donation to another entity, the Controller in consultation with the Chief Financial Officer, Chief Advancement Officer, and Chief Legal Officer will consider at least the following factors in deciding whether to complete a transfer request:

- The purpose stated in documentation/agreement associated with the gifted funds;

- The impossibility or impracticability of fulfilling the purposes of the gift;
- Whether the gift is part of UWF's endowment portfolio or callable pool;
- The benefit to UWF or UW-Madison of the proposed transfer; and
- The transfer amount.

If a transfer is approved, the amount of the transfer will depend on the type of gift made. The transfer of callable/spendable gifts will include only the unspent amount of the gift. In the extremely rare case where the transfers of an endowed gift has been approved, the transfer amount will be limited to the gift's book value. The appreciation on endowment, including quasi endowment, belongs to UWF and will not be included in the transfer.

VI. Types of Gifts Accepted by UWF

A. Outright Gifts

1. Cash

Cash from campus cash deposits are collected by courier service and delivered to US Bank for deposit. Cash received at 1848 University Ave will be routed to the Gift Processing department and will then be collected by JBM Patrol and delivered to US Bank weekly for deposit. Required information should accompany the cash gift(s) and should include but not limited to donor first and last name, address and where the donation is to be credited.

- Special documentation: None.
- Who can accept: No special acceptance signature is required for the gift to be complete.
- Date of gift: Date deposited by UWF.
- Value recorded in ABE: The face value of the cash.
- Special handling: None.

2. Checks

Check(s) should be made payable to University of Wisconsin Foundation. Check(s) along with required supporting documentation containing donor first and last name, address and where the donation is to be credited should be sent to:

UW Foundation
U.S. Bank Lockbox
Box 78807
Milwaukee, WI 53278-0807

- Special documentation: None.
- Who can accept: No special acceptance signature is required for the gift to be complete.
- Date of gift: Date received by UWF, except as noted in Special Handling.
- Value recorded in ABE: The face value of the check.
- Special handling: For year-end gifts, per IRS rules, a gift made by check can be counted as a current year contribution only if it is postmarked on or before December 31st of the current year. For this reason, all original envelopes and backup documentation accompanying checks must be provided when preparing deposits in and around calendar year end. Checks received through a school/college/department should be sent to the lockbox address above along with a completed [gift deposit form](#). Gifts received by the lockbox after the second week of the following year will be counted as the following year gifts. Therefore, for gifts to be counted as a current year gift, all deposit forms must be signed and received by the lockbox by the end of the second week of the following year. [Note: If the donor's check is postmarked in the current year but postdated in the next year or dated in the current year but postmarked in the next year, it will be receipted as a next year contribution.]

3. Wire Transfer/EFTs

Banks provide minimal information on wire transfers. If you are coordinating a wire transfer for an existing fund, you can avoid administrative delays by ensuring the donor requests that the wire include the following identifying information: donor name, fund name, and UWF/UW-Madison contact name.

- Special documentation: None.
- Who can accept: No special acceptance signature is required for the gift to be complete.
- Date of gift: Date deposited by UWF.
- Value recorded in ABE: The face value of the wire received.
- Special handling: None.

4. Credit Cards

The preferred way for a donor to give is to submit their credit card gift online at <https://secure.supportuw.org/give/>. Alternatively, donors may also call the Gift Processing team directly to give their credit card donation. If a member of UWF staff is speaking with a donor over the phone, the call should be transferred to a member of the Gift Processing team to assist the donor with their credit card donation.

- Special documentation: None.
- Who can accept: No special acceptance signature is required for the gift to be complete.

- *Date of gift:* The date the gift is charged against the credit card.
- *Value recorded in ABE:* The amount of the gift charged.
- *Special handling:* For year-end gifts, online credit card gifts can be executed until midnight on December 31st of the current year to count as a current year donation. However, in order for credit card gifts made by mail to count as a current year donation it is recommended that the gift be mailed to the lockbox no later than December 26th of the current year to ensure sufficient time for the charge to be processed by year end.

5. Cryptocurrency

Cryptocurrency is digital or virtual currency available only from online sources. Virtual currency that has an equivalent value in real currency is referred to as convertible virtual currency. IRS Notice 2014-21 addresses only the federal tax consequences for transactions in, or transactions that use, convertible virtual currency. Convertible virtual currency is treated as property. The Notice states that the fair market value of the virtual currency is determined by converting the virtual currency into U.S. dollars at the exchange rate, in a reasonable manner that is consistently applied.

- *Special documentation:* All donations made online via BitPay will be directed to the Chancellor's Annual Fund. If a donor wishes to make a donation of either Bitcoin or Bitcoin Cash and have the net proceeds go to another fund, a member of the Gift Processing team should be contacted as a unique invoice can be generated and supplied to the donor allowing for the donation. Similarly, for any other types of cryptocurrency that would need to go through Coinbase, a member of Gift Processing team should be contacted to assist in the facilitation of the gift.
- *Who can accept:* No special acceptance signature is required for the gift to be completed as long as donor is known to UWF (refer to Due Diligence & AML Compliance Policy located in the Appendix). For gifts of cryptocurrency going through BitPay, there will be a minimum gift amount of \$25/gift. For gifts of cryptocurrency going through Coinbase there will be a minimum gift amount of \$1,000.
- *Date of gift:* The date used to record the gift into ABE will be the date UWF received either the cash equivalent if the donation is transferred to BitPay or the date UWF received the respective cryptocurrency in our Coinbase digital wallet.
- *Value recorded in ABE:* Cryptocurrency can either be sent to UWF via our digital wallet via Coinbase or to BitPay which immediately converts cryptocurrency donations to cash and sends the cash to our bank account.
 - For cryptocurrency transferred to BitPay, the value recorded in ABE and thus deemed the applicable gift value will be the converted US dollar amount less applicable mining fee, in other words the amount transferred to UWF before the transaction fee is applied. Such transaction fee will be recorded as an operational fee of UWF.
 - For cryptocurrency transferred to our digital wallet using Coinbase, the value recorded in ABE and thus deemed the applicable gift value will be the fair market value of the virtual currency by converting the currency into U.S. dollars at the exchange rate in a reasonable

manner that is applied consistently. All transaction fees will be recoded in a similar way to other cryptocurrency as an operational fee of UWF.

- Special handling: Immediate sale of the donated cryptocurrency is transferred to UWF via our digital wallet through Coinbase. Bit pay will be used to receive Bitcoin and Bitcoin Cash and upon receipt, BitPay will convert the cryptocurrency to cash immediately and send to UWF the net of mining fee.

Gifts of cryptocurrency that are defined as convertible virtual currency would be deemed property by the IRS and thus UWF's receipting of such gifts will follow the requirements for gifts of noncash property per IRS Publication 1771.

6. Publicly Traded Securities

UWF accepts gifts of readily marketable securities from donors, assuming they are traded on a nationally recognized exchange, or otherwise marketable on an acceptable secondary market such as over the counter (OTC). The majority of gifted publicly traded securities consist of *appreciated equities* gifted to take advantage of long-term capital gains tax-free appreciation to the donor. They also create the possibility of a tax deduction using the donor's stepped-up basis, and the charity benefits from the full fair market value of the gift.

- Special documentation: The preferred method is via Electronic Securities Transfer direct from the gifting broker to the preferred UWF broker.
- Who can accept: Must use approved gift processing channels and may involve consultation with the UWF Treasurer.
- Date of gift: Generally the date the securities are received by a brokerage account under UWF ownership. If a donor hand-delivers a properly endorsed stock certificate, or an unendorsed stock certificate and a properly endorsed stock power, the gift date is still the date received. Or, if all proper documentation is received by mail, the receipt date is the postmark date.
- Value recorded in ABE: The gift value is calculated as the average of the high and low values of the same security on the date of the gift.
- Special handling: The designated UWF sales broker may be contacted to confirm marketability of any securities in question. Gifts of securities that have donor- or market imposed restrictions must be approved by the GAC. Standing immediate sale instructions at our designated broker govern most sales but in most cases, gifted securities are liquidated as soon as possible after receipt.

7. Mutual Funds

Mutual Funds are accepted by UWF, but certain fund families are not accepted by our designated broker. Questions regarding acceptability should be directed to the UWF Treasurer or UWF Controller.

8. Direct Designation Shares

Direct Registration shares (for example: Computershare, AST, EQ) can be gifted by having the donor fill out the specific company transfer form and get a medallion signature guarantee. UWF will complete the recipient portion of the form and mail it to the appropriate transfer agent. It will often take 3+ weeks for the transfer agent to complete the transfer and send UWF a notice of receipt via a statement. UWF will utilize a local broker to pull the shares over and sell them immediately. UWF has no control in the process. The date of gift is the day the shares are transferred to a UWF account within the transfer agent's control (not the date the shares are pulled over to our broker for liquidation).

9. Privately Held Stock Gift

- Special documentation: Appraisal, Sec 144 vs 145 determination, financials, tax return, buy back provision, create a letter of understanding for donor including designation upon liquidation of stock, documentation to define restriction/lock-up period
- Who can accept: Gift Acceptance Committee
- Date of gift: Date of stock transfer to UWF
- Value recorded in ABE: FMV
- Special handling: Gift Planning and Legal to receipt, restricted stock should be coordinated with an experienced broker and company's SEC counsel. General protocol is to sell the gifted position as soon as respective restriction is listed. UWF's legal department should review process and documentation.

10. Honoraria, Awards and Salary

Per the [Board of Regents Policy Document 20-22 \(Code of Ethics\)](#) and [UW-Madison Guidelines regarding receipt of Honorariums](#), no University faculty or staff member who is assigned or acts as an official representative of a UW System institution in the presentation of papers, talks, demonstrations or making appearances shall solicit or accept fees, honoraria or reimbursement of expenses for personal gain. Any fees, honoraria, or reimbursement of expenses which may be offered in connection therewith shall be paid to the university. However, acceptance of fees and honoraria paid for papers, talks, demonstrations or appearances made on the individual's own time, and not directly part of their official duties, shall not be a violation of this rule. Both Board of Regents and UW-Madison policy requires that faculty and staff members notify their supervisor or another appropriate administrator prior to accepting fees and honoraria for papers, talks, demonstrations, or appearances to ensure that no conflict of interest exists.

When an honoraria is received directly by the faculty or staff member, such payments are taxable income and the individual should receive a 1099 from the organization that makes the payment. The faculty member may make a gift to UW-Madison by endorsing the check over to UWF or by writing a separate check in the same amount. A gift receipt would then be issued to the donor (the faculty member). Please see the below section on "Faculty and Staff Gifts" for more information about funds and purposes to which such gifts may be directed.

11. Real Property

- Special documentation: In order to perform required due diligence in determining a possible acceptance of real estate, UWF should request and review a qualified appraisal; any legal transfer documentation including financial statements and operating agreements; applicable market analysis; and conduct an onsite analysis. The completion of UWF's questionnaire/checklist will be required. This covers the following areas: carrying cost, if rental real estate - most recent income statement, documentation of any liens on the potential gifted property, donors' applicable cost basis, research of environment concerns as well as any potential UBTI exposure.
- Who can accept: Gift Acceptance Committee
- Date of gift: The date UWF takes possession, which is the date the deed is signed, not recorded.
- Value recorded in ABE: Based on a qualified appraisal's appraised value.
- Special handling: The applicable noncash tax receipt would be issued by the Gift Planning department. Both Gift Planning and Legal would oversee the property until liquidation, including but not limited to the creation of an operating letter of understanding for carrying cost for property between UWF and the respective donor.

12. Business Interests (LLC Interests/Partnerships, etc.)

- Special documentation: Review of the following documentations including but not limited to the operating agreement, articles of incorporation (if applicable), most recent financials and tax returns, any recent valuation of entity, organizational documents, any buy/sell agreements and any indemnification letter. Review should be conducted to determine any potential UBTI exposure.
- Who can accept: Gift Acceptance Committee
- Date of gift: when we take possession – Date of ownership transfer.
- Value recorded in ABE: Based on a qualified appraisal's appraised value.
- Special handling: Gift planning to issue tax receipt; administration of ownership would reside in Legal

B. Corporate Matching Gifts

Corporate matching gifts are generally made by companies that agree to match gifts made by that company's employees, officers, and/or directors. Some companies will match gifts made by spouses of employees and, in some instances, gifts made from an employee's Donor Advised Fund. UWF receives gifts from companies that match the contributions of their employees. UWF allocates the matching funds to the same purpose as the donor/employee's original gift. The company is the legal donor of a matching gift. UWF provides a tax receipt to the company, and the respective employee will receive soft credit for the matching gift. Most companies will not match a donation that will satisfy a donor's binding pledge, however a corporate match can be applied towards a donor's charitable gift intention to UWF.

Donors typically are required to file forms for matching gifts with their employers or submit claims on their employer's website. For assistance with matching gift forms, please contact the UWF Gift Processing department. When a completed form is received, UWF will record a claim for matching gifts, indicating pending receipt of the funds. Matching gift claims will be written off if funds are not received after two years. Write-offs of matching gift claims are approved by the Director of Gift Processing.

C. Gifts in Kind

Gift in Kind donations require formal acceptance and are reported to the University of Wisconsin System Board of Regents. A Gift in Kind donation may be a tangible item, good, and/or service, which are typically items that the University would have to otherwise buy if the item, good, or service hadn't been donated. Gift in Kind donations of tangible, personal property made to the University of Wisconsin-Madison (the University) are typically facilitated through the Division of Business Services, Accounting Services, Gift Management. Gift in Kind donations to the University, other than tangible, personal property, are typically routed to the UWF for processing.

- Special documentation: Substantiation of ownership including possible UBTI exposure. Determine exactly what the property is and what rights come with it, potential administrative burden with various IRS forms needed and the timeline to be sent, assessment of risks vs. value.
- Who can accept: Gift Acceptance Committee
- Date of gift: Date of ownership
- Value recorded in ABE: Valuation of these items can be particularly complicated. These gifts are recorded at either the fair market value secured by the donor, unless UWF has reason to believe it is inaccurate, or \$1. Deduction will vary (lesser of FMV or adjusted cost basis). Donors should be encourage to consult their own tax advisor to determine the amount of a charitable deduction.
- Special handling: Development Officers should work with the Gift Acceptancy Committee to identify the relevant issues associated with gifts of intangible personal property, such as royalties, copyrights, and patents. Donors may be subject to specific notification procedures that apply to contributions of intellectual property, which may require both the donor and UWF to provide certain information to each other or to the Internal Revenue Service. Gift Planning to issue tax receipts.

D. Third-Party Donations

UWF receives gifts from private foundations or donor-advised funds at community foundations or private companies at the advice or direction of third-party constituents. UWF books the gifts on the record of the legal entity issuing the check. UWF enters soft credit in ABE to the party who recommended the gift to UWF.

E. IRA Charitable Rollover

UWF requires either documentation from the financial institution supporting that the distribution made relates to a qualified charitable distribution or confirmation from the donor of his/her date of birth. No tax receipt will be issued to the donor but rather an acknowledgment letter from UWF.

F. Bequests (via Will or Trust)

Payments and all other documentation provided as a part of the estate administration process should be mailed to:

UW Foundation
Attn: Office of Gift Planning
1848 University Ave
Madison, WI 53726-4090

- Special documentation: Estate administration often involves a large volume of paperwork as the estate progresses including general updates, inventories, receipt and release documents for signature, etc. These documents as well as the relationship with the estate are generally managed by Gift Planning.
- Note: prior to the deposit/acceptance of this type of gift, Gift Planning/Legal should review the relevant legal documentation to ensure that UWF is the appropriate legal entity to receive this gift. If the legal documentation does not name "University of Wisconsin Foundation," in most cases the appropriate entity to receive the gift is the University of Wisconsin System Trust Funds Office. If the payment in this case was received via the lockbox and cashed prior to Legal evaluation, the revenue is adjusted out of our system, and paid to Trust Funds.
- Who can accept: A receipt and release document often accompanies bequest distributions. This document must be signed by an authorized signer of UWF.
- Date of gift: Date received by UWF
- Value recorded in ABE: The face value of the contribution
- Special handling: Checks received at the lockbox or through other channels besides via Gift Planning, that appear to be a part of a bequest or other estate payout should be brought to the attention of Gift Planning to ensure appropriate handling: that we are the correct legal entity to receive the gift, whether it should be receipted, that it is recorded correctly in ABE, and that relevant internal staff and campus partners are aware of the gift and will be stewarding it. All of these procedures also apply to Contingency Bequests received via 3rd party organizations such as community foundations or financial institutions.

1. Non-UWF Managed Life Income Gifts

Some charitable gift annuities, charitable remainder trusts, and charitable leader trusts are managed by entities other than UWF. Payments and all other documentation provided as a part of the annuity or trust payout process should be mailed to:

UW Foundation
Attn: Office of Gift Planning
1848 University Ave
Madison, WI 53726-4090

- Special documentation: Gift Planning/Legal should review the relevant annuity or trust document to confirm that UWF is the appropriate entity to receive this type of gift. CGA or CRT payouts are generally one-time distributions. CLTs are constructed so that annual distributions are made over a specific period of years. A receipt and release document often accompanies these distributions. This document must be signed by an authorized signer of UWF.
- Who can accept: Gifts and documentation should be processed via Gift Planning.
- Date of gift: Date received by UWF.
- Value recorded in ABE: The face value of the contribution.
- Special handling: Checks received at the lockbox or through other channels besides via Gift Planning, that appear to be a part of a bequest or other estate payout should be brought to the attention of Gift Planning to ensure appropriate handling: that we are the correct legal entity to receive the gift, whether it should be receipted, that it is recorded correctly in ABE, and that relevant internal staff and campus partners are aware of the gift and will be stewarding it.

2. UWF-Managed Life Income Gifts

UWF manages a robust life income gift program which allows donors the opportunity to establish a charitable gift annuity, charitable remainder trust, or pooled income fund gift with us directly. These gifts involve an upfront contribution and then a regular payment from us to the beneficiary/ies of the gift for their lifetime or a period of years, after which the remainder value is available to campus per the donor's instructions. These gifts are administered by US Bank in Madison.

Contributions submitted for the purposes of establishing a life income gift with UWF should be mailed to:

UW Foundation
Attn: Office of Gift Planning
1848 University Ave
Madison, WI 53726-4090

- Special documentation: The establishment of these gifts requires a signed annuity, trust, or pooled income fund agreement from the donor, W-9s from the beneficiary/ies, and sometimes direct deposit information. The processing of this documentation is managed by Gift Planning.
- Who can accept: Gifts and documentation should be processed via Gift Planning. Primarily, the Chief Legal Officer signs off on the relevant gift agreements.
- Date of gift: Date on the check or date of securities transfer.

- Value recorded in ABE: The face value of the contribution. These are recorded as planned gifts with designations to our PG-22, PG-42, or PG-62 coding, to distinguish the fact that we have received this amount, but it is not currently available to campus for spending.
- Special handling: These gifts are complex, so any contributions or documents received related to this gift type should be handled by Gift Planning. When the remainder value of this type of gift is ultimately received from US Bank, it is deposited via special deposit per the donor's instructions, and the amount is noted in the planned gift's "Remainder Value" field.

3. Remainder Beneficiary Gifts

Such gifts include retirement plan assets, insurance policies, and investment accounts. Payments and all other documentation provided as a part of the administration of these gifts should be mailed to:

UW Foundation
Attn: Office of Gift Planning
1848 University Ave
Madison, WI 53726-4090

- Special documentation: We typically receive mailed communications from the financial administrator of these gifts (i.e. Fidelity, MassMutual, US Bank, etc.) confirming the named beneficiary, as well as statements confirming recent activity and value of the account. The financial administrator will often send a Receipt and Release-type document with distributions which should be signed by an authorized signer.

Note: Administrators of IRAs will often ask that beneficiaries establish "inherited" accounts for the purposes of receiving a transfer of the distribution due from the decedent's account. Then, we request a distribution, and that inherited account is closed. This is a process that we avoid when possible, as it requires an extensive amount of paperwork, and isn't legally necessary.

- Who can accept: Gifts and documentation should be processed via Gift Planning.
- Date of gift: Date received by UWF.
- Value recorded in ABE: The face value of the check.
- Special handling: Checks received at the lockbox or through other channels besides via Gift Planning, that appear to be a part of a bequest or other estate payout should be brought to the attention of Gift Planning to ensure appropriate handling: that we are the correct legal entity to receive the gift, whether it should be receipted, that it is recorded correctly in ABE, and that relevant internal staff and campus partners are aware of the gift and will be stewarding it.

G. Internal Donor Designated (IDD) Funds

IDD Funds are vehicles that afford temporary gifting solutions for donors to make a contribution to UWF while determining final designations of funds. Donors setting up an IDD fund will serve in an advisory capacity only and shall only be authorized to make recommendations for transfers from the IDD fund to

benefit another UWF fund set up to benefit UW-Madison. The donor/advisor may make recommendations for transfers from the IDD fund to either existing or newly established UWF funds.

The purpose of an IDD Fund is not to serve as a long-term holding fund for the donor, but as a temporary solution while the donor determines their interest. As a result such funds may only be set up on a callable basis for a 5 year term starting on the date of the donor's signature on the gift agreement. In addition, a donor creating an IDD fund may not designate a successor donor/advisor to act in the event of their death or incapacity unless the fund was established jointly by two donors (i.e., a married couple). At the end of fund's term, or upon the death of the donor(s)/advisor(s), all money from the IDD fund must be transferred to another UWF fund(s) as outlined in the IDD fund agreement.

To establish an IDD fund a donor must make an outright gift or pledge/gift commitment of \$50,000 or more. The funds in an existing IDD fund may not be rolled over to create a new IDD fund. If established via a pledge/gift commitment, the term of the pledge/gift commitment may be no longer than one year less than the term of the IDD fund being established. In most cases the maximum length of a pledge/gift commitment will be 4 years. There is no limit on the amount or number of times a donor may contribute to their IDD fund, however all gifts to the same fund will be subject to its expiration date set in the fund agreement.

- Special documentation: A gift agreement will be required to establish an IDD fund.
- Who can accept: Gift Planning in conjunction with Legal. Requests for deviations from the above parameters must be approved by the Gift Acceptance Committee. In rare circumstances the Gift Acceptance Committee may approve the creation of a quasi-endowed IDD Fund or a longer fund term with good reason.
- Date of gift: The donor will be receipted when gifts to the IDD fund are received by UWF and not when later transfers from the IDD fund to another UWF donor fund are made. Transfers from the IDD fund to another UWF fund will be done via an accounting transfer and for that reason the IDD fund donor will not be recognized as a contributor to the end recipient UWF fund or campus unit. In addition, gifts made to an IDD fund may not be eligible for a donor challenge match. A transfer from an IDD fund will be matched at the time of transfer from the IDD fund to the separate UWF fund that is challenge match eligible.
- Value recorded in ABE:
 - If Cash/Check/Credit Card: The face value of contribution.
 - If Publicly Traded Securities: The gift value is calculated as the average of the high and low values of the same security on the date of the gift.
- Special handling:
 - All gift types are acceptable for contribution to the donor's IDD fund. Please note that while UWF does not have a policy to prohibit a donor's private foundation or external DAF from making a payment to their IDD fund, donors are encouraged to talk with their DAF and/or private foundation advisors before assuming such gifts can be made. For example, DAF sponsoring organizations may not approve contributions to a UWF IDD fund for which the donor has an advisory role.

- The minimum amount of each transfer from an IDD fund is \$10,000.
- No transfers from an IDD fund shall be made for which goods or services will be provided to the donor(s) as a result of the transfer.
- Transfers from an IDD fund cannot be used by a donor to make payments on a pledge or gift commitment to another UWF fund without approval by the Gift Acceptance Committee.

H. Other Issues

1. Faculty and Staff Gifts

Faculty and staff are among UW-Madison's most loyal and generous supporters. Gifts and bequests from faculty and staff have had a transformative impact on programs across the university. Recent changes and clarifications in the area of impermissible private benefit have prompted review and refinement of faculty and staff gift guidelines. When a current faculty or staff member wishes to give a gift for the benefit of UW-Madison or one of its affiliates, there are two areas of particular concern: (1) whether the donor has a personal stake – beyond mere philanthropic intent – in the designated purpose for which they make a gift and, (2) whether the donor may receive a private benefit from the gift that is considered more than incidental. The first impacts the donor's ability to take a charitable tax deduction, while the second relates to UWF's charitable mission to fundraise for UW-Madison and not private individuals.

A private benefit is defined more broadly than just the presence of a donor receiving a financial benefit, and could also include the prestige or access to other opportunities that a faculty member would gain as a result of the gift. However, private benefits are permissible so long as they are insubstantial and not the intended primary result of a charitable gift – or, in other words, they are “incidental” to the gift.

These considerations bear on both UWF's 501(c)(3) status and the propriety of the donor's charitable income tax deduction. They are also relevant to institutional reputational concerns and the appearance of conflicts of interest with respect to donor giving. For those reasons, it is not permissible for faculty and staff members to make gifts:

- That result in more than an incidental personal benefit; and
- To create a fund for which they reserve the ability to direct expenditures because of their status as the donor.

Many considerations factor into decisions about gift permissibility, and it is not possible to address all potential scenarios for current faculty and staff giving in this policy. The examples below are intended to provide some clarity for those situations which are generally acceptable and those which are generally prohibited under the Gift Acceptance Policy. Any questions or scenarios not addressed below should be referred to the Gift Acceptance Committee before a gift is made.

a. Acceptable Donation Scenarios

The following types of gifts and/or gift purposes are acceptable for current faculty and staff members:

- Donations to capital project or building campaign funds, as such projects benefit the campus and university as a whole, even if related to the donor's unit of employment.
- Donations to annual and discretionary funds, even if in the donor's unit of employment, as such funds are broad in purpose and used for a myriad of expenditures.
- Donations to create or support a scholarship fund, graduate student support fund, or emergency student support fund, even if in the donor's unit of employment, as long as recipients are selected in accordance with standard university policies and procedures.
- Estate, charitable remainder trusts, life insurance, or other deferred gifts that will be received once the faculty or staff member is no longer employed by the university.

b. Acceptable Donation Scenarios with Specific Conditions

The following types of gifts and/or gift purposes are acceptable for current faculty and staff so long as specific conditions are met:

- Donations by a faculty member to an existing chair or professorship fund in the donor's unit of employment provided (1) such gifts total less than \$2,500 annually or (2) if the donor's gifts total more than \$2,500 annually, the donor is precluded from holding the position now or in the future.
- Donations to create a new professorship, chair, etc. in the donor's unit of employment provided (1) the donor is precluded in writing from holding the position now or in the future and (2) holders are selected in accordance with standard university policies and procedures.

c. Prohibited Donation Scenarios

The following types of gifts and/or gift purposes are prohibited for current faculty and staff:

- Donations to create or support an existing research fund in a faculty member's area of research.
- Donations by a faculty member to an existing professorship, chair, etc. while the donor is holding the position.

Please note that gifts from spouses of faculty or staff members are treated as if they were made directly by the faculty or staff members for the purpose of this policy.

d. Special Rules for Donations by Deans, Department Chairs, and Others

Because Deans, Department Chairs, and others in positions of authority at the University have additional fundraising job duties and authority to direct expenditures from donor funds, they are subject to additional giving restrictions during their tenure in those roles. Such individuals may not give gifts totaling more than \$2,500 annually to funds from which they may authorize expenditures for their own salary, travel, and other costs from which they directly benefit.

e. Education, Compliance, and Monitoring

Education, compliance, and monitoring to enforce this policy is a shared responsibility of UW-Madison administrators and the Gift Acceptance Committee, Gift Processing, and Development staff. Campus administrators are asked to share these guidelines with faculty and staff within their respective units, while UWF employees are responsible for identifying potential faculty giving scenarios and supporting faculty and staff members with policy interpretation and guidance.

2. Agency Funds

- Are sent to UWF and deposited as special deposits (not as gift revenue)
- A current list of agency funds managed by UWF as of June 2020:
 - Center for Advanced Studies in Business, Inc.
 - Wisconsin 4-H Foundation (including Necedah Cardinal After School Program and State's 4-H International)
 - UW Green Bay Foundation - to terminate on June 2020
 - UW Stevens Point Foundation
 - University Hospital and Clinics Authority

Policy Owner: Finance

Applies to: All staff

Approved by: Chief Financial Officer, Chief Legal Officer and Vice President of Development, Controller, Vice President of Advancement Services, Director of Legal Affairs, AVP & Mang. Dir., Gift Plan. / Interim Mang. Dir. Stewardship

Effective Date: 8/1/2020

Contact: Carrie B. Park, Controller

Revision History:

Appendix

Other Related Policies/ Guidelines

Pledge Management Policy

Third Party Pledge Payment Policy

Community Partner Fundraising Event Policy

PCI Policy

Due Diligence and AML Compliance Policy

Refund Policy

Donor Designated Fund Guidelines

