

Gift Pledge Handling Training Module Packet

I. Overview of Gift and Pledge Handling

- a. What is a gift?
 - i. Types of gifts
 - ii. Payment types
 - iii. Gift transaction types
 - iv. Gift purpose codes
- b. What is a pledge?
 - i. Pledge transaction types
- c. What is a gift transmittal form?
- d. What is fair market value?
- e. Gift crediting rules
- f. New donor to the database

What is a gift?

A gift is the irrevocable and voluntary transfer of something of value (money, securities, real estate, equipment, art, etc.) to the university by a donor who has no expectation for compensation for the transaction.

Donors may suggest a particular department or area the institution should apply the contribution. If the donor receives benefits in return for the contribution, the amount of the gift recorded and reported is reduced by the fair market value (FMV) of all benefits given.

Types of gifts

Unrestricted gifts – Outright gifts by donors without any restriction. If the donor expresses a preference for the gift's use but leaves the decision to the institution, the gift is reported as unrestricted.

Restricted gifts – Gifts for current operations restricted by the donor for a specific purpose, such as Academic divisions, faculty and staff compensation, research, library, and so forth.

Payment types – These various payment types are used for data entry purposes:

- **Bargain sale:** Available to individuals who wish to make a gift of real estate for university needs. Through a bargain sale, a property is sold to the University for less than the fair market value as determined by a qualified independent appraisal. An installment bargain sale exists when the charity pays the discounted price in installments. This payment type should be reported through the Planned Giving Office.
- **Bequest Notification:** Provisions in a will, trust, or other testamentary legal document providing a gift to charity pursuant to the applicable state law.
- **Cash:** U.S. Currency
- **Charitable Lead Trusts:** Allows for one or more charitable organizations to receive income payments from the trust for a specified number of years.
- **Check:** Written order on a standard printed form directing a bank to pay money.
- **Company Products:** Tangible goods created and marketed by the company itself.
- **Credit Card:** Credit card gifts represent a form of a loan transaction between the donor and the credit issuer. Gifts made by credit card are recorded in the same manner as gifts made by cash or check.
- **Deferred – Charitable Remainder Annuity Trust (CRAT):** The donor and second beneficiary (if one is named) receive a fixed income from the gift for the rest of their life. The

Gift Pledge Handling Training Module Packet

income amount is based on the original value of the trust's assets and no further contributions can be made to this type of trust. This payment type should be reported through the Planned Giving Office.

- **Deferred – Remainder Interest Residence/Farm:** Remainder interest in a personal residence or a farm. The irrevocable transfer to a charity of a remainder interest where the donor retains a life estate to live on and use the property. The remainder interest may later be donated to charity.
- **Electronic Fund Transfer:** Gifts made by automatic deductions from a donor's bank account.
- **Family Limited Partnership Interest:** This payment type should be reported through the Planned Giving Office.
- **Foreign Currency:** Gifts not in U.S. currency. Normally processed by Department of Treasury and the value computed on the exchange rate in effect on that particular day.
- **Gifts-In-Kind:** Non-monetary donations **useful to the university** such as equipment, software, printed materials, food for hosting meetings, etc. These gifts are reported at the **educational discount value** – the value the university would have paid had it purchased the item outright from a vendor.
For all gifts-in-kind over \$5,000 the Development Officer forwards a copy of the completed gift receipt to Property Management Information System. The department receiving the gift completes and forwards a *Form PRP1 –A* along with a copy of the gift receipt to Property Management acknowledging the receipt of a gift-in-kind.
- **Life Insurance Policy:** By changing the policy ownership to the charity and naming the charity as beneficiary, the donor can contribute the existing cash value and subsequent (if any) premium amounts to the charity to maintain the policy's face value, or if the donor chooses not to continue the payments, the institution can regard the policy as "paid up" with a lower face value. This payment type should be reported through the Planned Giving Office.
- **Life Insurance Premium:** Once the institution becomes the beneficiary of a life insurance policy, the institution may opt to continue those premium payments if it desires. This payment type should be reported through the Planned Giving Office.
- **Mineral Rights:** These are handled like most other real estate transactions as far as a gift recording is concerned. You should have an independent appraisal estimating the value of those rights. That's the amount you record as a gift. This payment type should be reported through the Planned Giving Office.
- **Oil & Gas Interest:** Report gifts of copyrights and ownership of gas or oil wells at the readily determinable face (fair market) value. Alternatively, if the fair market value is not known and cannot be readily determined, report the asset in the year the value becomes known. For gifts of royalties from gas and oil wells not owned by the institution, report the amount received each year.
- **Other Property:** New, unused items such as food, equipment, software and printing not manufactured and marketed by the donor itself.
- **Payroll Deduction:** Gifts from UHS employees who signed up to make a contribution to the University through payroll deduction.
- **Personal Property:** Anything other than real property subject to ownership, such as artwork, books, jewelry, collections, and so forth.
- **Public Securities:** Securities traded on an exchange or other publicly reported market. This payment type should be reported through the Planned Giving Office.

Gift Pledge Handling Training Module Packet

- **Real Estate:** Real property (also called real estate) is defined as land, its natural resources, and any permanent building on it. This payment type should be reported through the Planned Giving Office.
- **Services (Volunteer and Pro Bono):** Volunteer services are gifts of time while vital to and valued by the University, are not included in gift totals. The IRS does not consider them as tax-deductible gifts. These gifts, however, may be stewarded and tracked in the donor/alumni information management system. Two primary reasons for tracking such transactions are to 1) document for matching gift opportunities (some companies match employees' volunteer time) and 2) to more wholly assess an individual's involvement with the University. Pro Bono services are gifts of donated services such as advertising, airtime, rentals, such as automobiles, homes, equipment, licenses, installations, legal and financial counsel, etc.
- **Extramural Non-Gift Transactions:** An extramural non-gift transaction is a contribution of money, property, or service valued at \$5,000 or more that would normally not be recorded as regular support because it does not meet National Reporting Standards established by the Council for the *Advancement and Support of Education* (CASE). Extramural non-gift transactions do not typically qualify for a tax deduction and may or may not be reported by UHS; however, these transactions are an important source of support to UHS that University *Advancement* chooses to record and acknowledge.

Gift Transaction Types – The more common types of gifts received by the University are.

- **Bequest Notification (Revocable):** Provisions in a will, trust, or other testamentary legal document providing a gift to charity. Typically, these may be revoked before the donor's death unless accompanied by a legally enforceable contract.
- **Bequest (Realized) / Estate Gift:** Provisions in a will, trust, or other testamentary legal document providing a gift to charity. The gift may be designated as a percentage of the donor's estate, a specific dollar amount or description of property (such as securities, real estate, or other assets), or a residual of the donor's estate. These may be revoked before the donor's death unless accompanied by a legally enforceable contract.
- **Deferred Gift (Irrevocable):** Also called "planned gifts" or "future commitments" and are different from outright gifts in that the university does not actually realize an asset until some point in the future. Deferred gifts can include bequests, charitable gift annuity, charitable lead trusts, charitable remainder trusts, life estates, pooled income funds and split-interest trusts.
- **Gift:** An irrevocable and voluntary transfer of something of value (money, securities, real estate, equipment, art, etc.) to the university by a donor who has no expectation for compensation for the transaction.
- **Grant:** Contribution received by the University for either restricted or unrestricted use in the furtherance of the university that typically comes from a corporation, foundation, or other organization, rather than an individual.
- **Grant Installment:** Successive payments to the university until the grant's full amount is received. Private Research Grants that reflect the transactions we accept from the Division of Research and count in University of Houston System's gift reporting.
- **Pledge Payment:** A commitment to make a gift of a specific dollar amount to be paid according to a fixed time schedule.

Gift Purpose Codes

Every new gift must be assigned a *gift purpose code*. This allows the Donor and Alumni Records department to more accurately track donors' intentions regarding how their gifts to the university

Gift Pledge Handling Training Module Packet

are to be used. Stewardship, prospecting, reporting and fund raising analysis is enhanced when you assign the appropriate purpose code to gifts as you complete the *Gift Transmittal Forms*.

Gift purpose codes are a combination of at least two and sometimes three purpose categories. All gifts to the university fall into one of three primary purpose categories: current operations, endowment or building and property. Every gift also falls into one of eleven (11) secondary categories and some purpose codes are further defined by a third category. Following is a description of each purpose category. For a complete list of all possible gift purpose codes, go to the UASYS (UHS University *Advancement* Intranet at <https://uaintranet.e.uh.edu>) and look under "Policies & Guidelines – Gift Purpose Codes." This will enable you to choose the appropriate code for each gift.

Primary Categories

- **Current Operations:** Gifts where the principal amount is used for day-to-day activities of the university, excluding Building & Property as described below. Include all non-capital gifts-in-kind such as printing in this category. Also, include all gift-in-kind auction items and other food/material used as part of special events (even when net proceeds from the event are for endowment or capital projects).
- **Endowment:** Gifts restricted for investment and the income expended according to the donor's specifications. Gifts solicited through special events (ticket sales, purchases of auction items, etc.) with the understanding they will support an endowment or capital project should be reported using an Endowment or Building & Property code (except for gifts-in-kind as noted in Current Operations).
- **Building & Property:** Gifts to be used for construction, maintenance of facilities and capital property. Be sure to include both gifts-in-kind (real estate, equipment, furniture, artwork, collections, etc.) to be retained and used by the university as well as monetary gifts restricted for the acquisition of such items. **Note:** When a gift-in-kind is made with the understanding it will be sold and the proceeds used for current operations or an endowment, use the appropriate Current Operations or Endowment code.

Secondary Categories

Within each of the three main gift purposes, there are 11 secondary categories that further detail restrictions a donor may place on a contribution. Following is a brief description of these categories (third-level categories are listed when they exist).

Note: Not all categories apply to all three of the primary gift purposes.

- **Academic Support:** Gifts, usually to an academic unit, in support of teaching and related activities. All gifts in the Academic Support category are further defined by one of six subcategories – *Chairs, Professorships, Departments/Programs, Discretionary, Faculty Support or Miscellaneous*.
- **Athletics:** Gifts in support of athletics, including intramural activities, except for scholarships that should be reported as Student Financial Aid.
- **Community Service:** Gifts in support of activities that primarily provide non-instructional services to people and groups (external and internal to the university). Also, gifts supporting public broadcasting are included in this category. There are three Community Service subcategories – *KUHF, KUHT and Miscellaneous*.
- **Construction:** Gifts in support of new construction and renovations. These would include central university as well as academic, athletics and library facilities. Gifts supporting the ongoing maintenance and general operations of a facility should be reported as Plant gifts.
- **Debt retirement:** Gifts that donors specifically instruct for use to pay off indebtedness.

Gift Pledge Handling Training Module Packet

- **Library:** Gifts in support of the main library as well as a library associated with a specific college/unit, such as the library at the UH Law Center.
- **Plant:** Gifts for general plant operations and maintenance of facilities (including academic units, library, etc.) Gifts-in-kind that benefit the general operations of the university (i.e. telecommunications equipment, police vehicles, etc.) should be reported in this category. **Note:** Gifts-in-kind intended for academic support, athletics, community service, library, research or a specific non-academic division should be reported in the appropriate category.
- **Research:** Gifts and private grants supporting research activities. Private grants must be donative in nature, such as given without expectation of compensation or service in return. No contracts or government funds should be reported as gifts.
- **Student Financial Aid:** Gifts for financial aid to students (whether full or part-time, undergraduate or graduate). This should include all student awards and prizes, including athletic scholarships, and gifts supporting student work study and internship programs. **Note:** Funds given to the university in support to a specific individual or where the contributor retains the right to determine the recipient of an award should not be classified as a gift. There are three subcategories for Student Financial Aid – *Fellowships, Scholarships and Miscellaneous*.
- **Unrestricted:** Gifts at the University or UH System level where the president or chancellor has complete discretion for how funds may be used. Also, include in this category endowment gifts at the university or UH System level where the president or chancellor has complete discretion as to how income from the endowed gifts may be used.
- **Other:** Gifts that do not fall into any other category should be reported here. This includes contributions to be used for compensation of university employees and support of non-academic units such as University *Advancement, Administration & Finance*, etc. **Note:** Report all gifts-in-kind to be used as Quid Pro Quo items at events and auctions in this category (even if the purpose of net proceeds from the event or auction are for endowment or building).

What is a pledge?

A pledge is a signed and dated commitment to make a gift over a specified period, generally more than one year, payable according to terms set by the donor. This allows the donor to spread payments and tax benefits over a period of years. Typically this type of donation can often allow the donor to make a larger commitment.

Types of Pledges

Straight

- Has specific amount to be paid
- Has specific schedule of payments with date or payment and amount

Unspecified

- For use with pledges to Annual Fund allocations which only come through Ruffalo-Cody calling center.
- Has \$0 as amount
- Has “open” payment frequency
- Does not have payment schedule

Gift Pledge Handling Training Module Packet

Note: Pledges with a \$ amount but no payment schedule do not participate in the pledge reminder system, as it relies on a payment scheduled date. Therefore, if pledge is received for a non-annual fund allocation, ask the Development Officer for details of payment to create a payment schedule. By doing so, the reminder system will generate a payment reminder letter than can be sent to the donor directly, or to the Development Officer who will work with the donor, as requested.

For purposes of the Pledge Statement/Reminder systems, the following definitions apply through Fiscal Year 2009 to present:

Annual Fund

Gifts from an individual (including associated credit)

- Gifts up to and including \$24,999.99
- Gifts directly in support of current operations, endowment and buildings and property
- Corporate matching claims associated with annual gifts
- Payments on pledges where the total pledge amount is \$24,999.99 or less
- Deferred gifts and special event gifts are excluded
- Grants are excluded
- Gifts in Kind are excluded

Pledge Transaction Types Common pledge types are:

- **Credit Card Pledge-Multi Payments** (fixed period): Pledged gifts made by credit card payments over a specified period of time. Credit card donations are not considered a gift until the university receives authorization for the charge from the credit card agency.
- **Credit Card Pledge** – One payment (fixed period): Pledged gifts fulfilled through one credit card payment.
- **Electronic Fund Transfer (EFT) Pledge** (fixed period): Gifts made by automatic deductions from a donor's bank account. Participating donors must complete an authorization form that includes their banking information, gift amount and designation, etc.
- **Private Grant Commitment:** Research grants that are pledges with multi-scheduled payments.
- **Payroll Deduction Pledge** (fixed period): Gifts from UHS employees who signed up to make a contribution to the University through payroll deduction.
- **Straight Pledge:** A signed and dated commitment to make a gift over a specified period.
- **Unspecified Pledge:** For use with pledges to Annual Fund allocations. Has a \$0 amount with an "open" payment frequency. Does not have a payment schedule.

What is a Gift Transmittal Form?

A Gift Transmittal Form (GTF) is the key document that provides Donor & Alumni Records with information necessary to:

- receipt the donor
- apply proper donor recognition credit
- feed the university's financial system
- record a pledge
- correctly capture the donor's giving history for stewardship and reporting

Gift Pledge Handling Training Module Packet

When a gift is received, departments must complete a Gift Transmittal Form (GTF) which gives pertinent gift processing information about a donor and gift such as the donor's name, purpose of the gift, account into which the gift will be deposited, etc.

What is fair market value (FMV)?

When a donor gives a gift to the University and receives a benefit in return (such as tickets to a fundraising dinner) that gift is not 100% tax deductible and a fair market value for the event should be subtracted from the total amount received to yield the net gift amount to be receipted. The fair market value should be determined based on "what a willing buyer would pay a willing seller" to attend such an event.

Other factors to use in determining FMV include:

- Actual expenses of the institution do not affect this valuation.
- Reduction is required even if the donor does not attend the event since he/she still earned the right to attend, or to transfer the tickets, by virtue of the donation. Only if the donor refuses the benefit at the time of the solicitation or donation is he/she eligible to claim a 100% donation.

The Department determines the fair market value of a ticket for a special event prior to the event and should publish this amount in their solicitation material stating it is the non-deductible portion of the contribution. It is also up to the Department to communicate this "premium" value to Donor and Alumni Records. Fair Market value is also sometimes referred to by the Latin term "Quid Pro Quo" which is abbreviated as QPQ.

Gift Crediting Rules

UHS Gift Crediting Rules

Standard crediting rules at the University of Houston System (UHS):

General Rules

- UHS follows IRS regulations and CASE reporting standards.
- The net gift amount (hard credit less the value of any goods or services/quid pro quo) is used for management and external reports.
- Generally, soft credit amounts are used for donor recognition.
- It is mandatory to have explicit written instructions from a donor (or from the Development Officer on behalf of the donor) when varying from standard UHS crediting rules.
- UHS adheres to donors' instructions when reasonable and within acceptable business practices.

Gifts from single entities

- Individual gifts: Individual donors receive 100% hard and soft credit.
- Joint gifts: Gifts from married couples are made "joint" unless the donor specifies otherwise. A primary donor receives 100% hard credit and both spouses receive 100% soft credit. If one of the couple is an alumnus, he/she is made the primary donor. When both or neither are alumni, UHS defers to the development officer's instructions or other relevant information to determine the primary donor. Hard credit is split only when UHS is instructed to do so directly by the donor or through the Development Officer.

Gift Pledge Handling Training Module Packet

Group gifts

- When a single transaction (i.e. check or credit card) is made up of donations from several donors, the legal donor (i.e. the entity who owns the checking account or credit card) receives 100% hard credit. The other entities associated with the group receive soft credit based on the donor's instructions.
- When several transactions are made by different donors, but they ask to be treated as a group gift, each donor receives hard credit for the transaction for which they are the legal donor. Soft credit for the group gift is based on the donor's instructions.

Gifts from businesses

- Businesses (whether a corporation, sole proprietorship, partnership, etc.) receive 100% hard and soft credit.
- Any soft credit to associated individuals (usually when the donor is a sole proprietorship, partnership, etc.) is determined on a case-by-case basis. (For example, if a person owns a small business and makes gifts through that business but prefers to be recognized as an individual, he/she will be given 100% soft credit for gifts by the business. If the person is to always receive soft credit for gifts by the business, then a "covering account" will be established automatically linking the two entities and assigning the soft credit as gifts are made.)

Gifts from private and corporate foundations

- Private and corporate foundation donors receive 100% hard credit and soft credit.
- Generally, soft credit for these gifts is not given to associated individuals.

Matching gifts

- The matching company receives 100% hard and soft credit.
- Soft credit is not given to the individuals whose gifts are matched. However, matching gifts are counted for the individual whose gift was matched when calculating gift clubs and donor recognition levels, but are not counted in situations where the donor may receive a premium in return for the amount of their gift.

Gifts from family foundations

- Family foundations receive 100% hard and soft credit.
- Each foundation is evaluated to determine if any individuals associated with the foundation will also receive soft credit (usually 100%) for these gifts. (See "Gifts from businesses," above, for information about "covering accounts.")

Gifts from "community foundations"

- The following procedure is followed for recording gifts received from Community Foundations indicating the gift source is a donor advised fund from an individual given through the foundation. For example, The Greater Houston Community Foundation and Fidelity Charitable Gift Fund. Donor advised funds are those where the assets have been sent to a tax exempt organization and are under the control of that entity. This process will help us correctly comply with the Community Foundation's requests for specific gift crediting language indicated in their gift letters as well as similar requests from Fidelity. Implementing this makes our process cleaner and makes stewardship and donor honor rolls easier to pull.

Gift Pledge Handling Training Module Packet

- When a check is received from GHCF or FCGF, DAR creates a separate entity including the "donor's name" preceding the name of the particular fund. This new entity is used for hard credit for the gift. A covering account is created on the new named entity for the individual donor so they will automatically be given soft credit for the gift in Advance. Example: A gift from John Smith through the GHCF would be recorded on an entity called "John Smith Fund of the Greater Houston Community Foundation" and soft credit will be given to John Smith's individual record as well.
- Donor advised funds do not permit their gifts to be used to satisfy pledges. In the event a donor has a pledge with a one time payment in Advance, DAR should consult with management to determine if the pledge should be cancelled and the new gift credited. If the pledge indicates multiple payments, the total amount of the pledge should be reduced by the amount of each payment when received from GHCF.
- Sometimes "donor directed fund" and "donor advised fund" are used interchangeably. However, gift processing professionals generally agree that there is a difference and "directed" funds refer to a situation where an individual retains legal control of his/her assets and instructs the financial institution (whether it be a bank, investment company, etc.) to make a payment to the charity. In these cases, the gift is treated as an individual gift (see above).

Third Party Payments

- Assignment of income: The entity on whose behalf the payment is made receives 100% hard and soft credit. No credit is made to the entity making the payment. (For example, a speaker asks an organization to send an honorarium check of \$1,000 directly to UHS. The speaker is given hard and soft credit in the amount of \$1,000 while the organization receives no credit.)
- "On behalf of": When an entity makes a payment on behalf of another, the entity who makes the payment receives 100% hard and soft credit while the entity on whose behalf the payment was made receives 100% soft credit. (For example, if Person A gives \$1,000 to retire a pledge by Person B, Person A receives hard and soft credit in the amount of \$1,000 and Person B receives soft credit in the amount of \$1,000.)

"In Honor Of" and Memorial gifts

- The entity making the gift receives 100% hard credit and soft credit.
- The entity for whom the gift was made in honor or memory of does not receive gift credit; however, the gift information is noted on that entity's database record.
- Normally, an acknowledgement is sent to the person being honored, or a family member of the person being memorialized, informing them about the gift.

Pledges

- Generally, pledges follow the same crediting rules as outright gifts and payments. (For example, if an individual makes a \$100 pledge, that person receives 100% hard and soft credit. If that person is married, the joint crediting rule applies.)
- Pledges set up through a family foundation, for example, Cynthia and George Mitchell Foundation, are set up with family members as associated donors. The foundation receives 100% hard and soft credit. A covering account is set up to insure soft credit goes to all family members associated with the foundation. (See "Gifts from businesses").

Gift Pledge Handling Training Module Packet

Gifts with quid pro quos (goods and services)

- **Event-related gifts:** Donors receive 100% hard and soft credit based on face value of the payment. Receipting and gift reports reflect hard credit net of premium values. Ticket and table values for an event are printed in the invitation for the event.

If the donor chooses to make a donation to the event, without receiving a ticket in exchange, the total amount of that donation is tax deductible and the donor receives 100% hard and soft credit as long as those instructions were in writing and were made clear prior to the event.

For example, if a donor does not attend an event, but did not notify us ahead of time that they were not planning to attend, their payment cannot be considered a 100% tax deductible donation. Or, if a donor tells the University he is not going to attend an event, but the University can have the table to fill, the donor cannot take a 100% tax deduction on that donation. In both cases, the quid pro quo is deducted from the donation and the donor receives a receipt only for the gift portion of the donation.

- **Auctions:** Donors receive 100% hard credit based on face value of the payment; however, receipts and gift reports reflect hard credit net of premium values. The donor receives a soft credit amount equal to the hard credit net of the premium value. A fair market value for each item is publicly disclosed to all attending or bidding at the auction. Any excess over that fair market value is counted as the gift.

If you have a question regarding this page contact [Sara M. Haynes](mailto:Sara.M.Haynes@university.edu) 713.743.8852

Gift Pledge Handling Training Module Packet

Guidelines for valuing gifts of personal property and gifts-in-kind

The UH System generally follows CASE guidelines for valuing gifts of personal property (i.e. art work, collections, etc.) and gifts-in-kind as follows:

- Gifts [of personal property] with fair market values of more than \$5,000 should be counted at the values placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions. Gifts of \$5,000 and less may be reported at the value declared by the donor or determined by a qualified expert on the faculty or staff of the institution.
- Gifts-in-kind are non-cash donations of materials or long-lived assets. Gifts of materials or long-lived assets that serve the purpose of the institution should be reported at the face (fair market) value. Gifts-in-kind might include such items as equipment, software, printed materials, food or other items used for hosting dinners, etc. For items such as equipment and software, report the educational discount value - that is, the value the institution would have paid had it purchased the item outright from the vendor.
- Report gifts of copyrights and ownership of gas or oil wells at the readily determinable face (fair market) value. Alternatively, if the fair market value is unknown and cannot be readily determined, report the asset in the year the value becomes known. For gifts of royalties from gas and oil wells not owned by the institution, report the amount received each year.
- Such gifts will be valued in the donor database at the full fair market value, regardless of the value the donor may be able to take as a charitable deduction; however, gift receipts will include a description of the donated property but not a dollar value. It is the responsibility of the donor to substantiate the value a gift of property for tax deduction purposes.
- The chief *Advancement* services officer or his/her designee will work with development directors to determine the value of such gifts.

Specific UH System guidelines include:

- Items without appropriate documentation will be valued at \$1.
- A donor or his/her advisor (lawyer, accountant, etc.) does not qualify as an independent appraiser.
- Ideally, documentation of the educational discount value of a donated item is an invoice from a reputable vendor stating the price at which the UH System would purchase such an item.
- If a donor contributes a "new" item and submits a purchase receipt for that item, then the purchase price may be used for valuation so long as it appears to be authentic and reasonable.
- Any gift-in-kind should have usefulness to UH System. For example, a ten-year old computer that cannot be used by the university should not be accepted as a gift and certainly not processed for the database.
- Development Officers should sign all Gift Transmittal Forms for gifts of personal property and gifts-in-kind and assume responsibility for submitting documentation supporting its valuation.
- All receipts for gifts of personal property and gifts-in-kind will include a description of the donated item but no stated value, even when there is a qualified independent appraisal.

Gift Pledge Handling Training Module Packet

Following are common categories of property gifts and additional information relating to them.

- **Artwork, rare books, jewelry, antiques, collections, etc.**
Value is based on a qualified independent appraisal. If no such appraisal is available then the gift will be valued at \$1 or an amount, if under \$5,000, determined by a reasonable faculty/staff estimate.
- **Computers, software, tools, other equipment and furniture**
for "new" items, value is based on the educational discount price (what it would cost UHS to purchase). Documentation is needed from the vendor stating the price at which that the item(s) would be sold to UHS. The UHS gift records department may question such documentation if it appears unreasonable; therefore, each development officer has the responsibility of making sure that the values submitted are fair and accurate. "Used" items will be valued based on qualified independent appraisal. If no such appraisal is available then the gift will be valued at \$1 or an amount, if under \$5,000, determined by a reasonable faculty/staff estimate.
- **Printed materials, food & beverage, etc. (usually under \$5,000)**
Value is based on the educational discount price (what it would cost UHS to purchase). Documentation is needed from the vendor stating the price at which the item(s) would be sold to UHS. The UHS gift records department may question such documentation if it appears unreasonable; therefore, each development officer has the responsibility of making sure that the values submitted are fair and accurate. If no such documentation is available then the gift will be valued at \$1 or an amount, if under \$5,000, determined by a reasonable faculty/staff estimate.
- **Nominal items-usually less than \$100 (gift certificates, small auction items, supplies, etc.)**
Such items are generally discouraged from being reported for entry into the database; however, if this information is important for the donor's record or for other reason, then it will be booked at fair market value (using the educational discount price when available). Documentation of the value is required. Expert staff and faculty may estimate a value when official documentation is unavailable (i.e. an appropriate employee of the College of Hotel and Restaurant Management may estimate a price for a donated weekend for two at the Four Seasons Hotel).
- **Advertising, leases/rentals, business services, etc.**
Gifts of pro bono work and discounts or waivers of rental fees are not recognized by the IRS as tax deductible. Nor are they included in gift reporting.

Questions or comments should be directed to Donor & Alumni Records (713-743-8852) or Sara M. Haynes at 713-743-8852.

New donor to the database

After the Development Officer has searched the *Advance* database and the donor/organization could not be found, the Development Officer will indicate on the GTF form that the donor/organization is new to the database and that an entity needs to be created. DAR is the only department who should update and create new entities to the *Advance* database. If you have any questions please contact Sara M. Haynes at smhaynes@central.uh.edu or at 713-743-8852.