

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: University Advancement

NUMBER: 08.A.06

AREA: Gift Acceptance

SUBJECT: Gift Acceptance – Gifts-In-Kind From Companies

1. PURPOSE

- 1.1. This document establishes policies and procedures required for the UH System to fully implement the authority delegated to the Chancellor by the UH System Board of Regents (Board Policies [32.03](#) and [32.04](#)).
- 1.2. This document is intended to articulate the types of in-kind gifts that can be accepted and the criteria for acceptance of those gifts, to manage potential risks to the UH System in the acceptance of gifts, and to ensure that gifts contributed to the UH System by companies can be effectively used to further the UH System’s charitable purpose and mission.
- 1.3. This document’s goal is to encourage financial support for the UH System while avoiding gifts that either generate more cost than benefit, or that are restricted in use or purpose in a way that does not advance the System’s charitable purpose and mission.

2. DEFINITIONS

- 2.1. Every reference in these policies to the UH System shall mean the University of Houston System or any of its component Universities, Colleges, or Non-academic Programs as designated by the Donor.
- 2.2. In-kind gifts are generally defined as non-cash donations of materials or long-lived assets, other than real and personal property. Gifts-in-kind might include such items as equipment, printed materials, food or other items for hosting events, etc. Gifts-in-kind usually (although not always) come from companies, corporations, or vendors, in contrast to individuals. See [SAM 08.A.03](#) (Gift Acceptance - Gifts from Individual Donors) for the University’s policy for handling gifts of real and personal property.

3. GENERAL GUIDELINES

- 3.1. The UH System holds all communications with donors and information concerning donors and prospective donors in strict confidence, except as required by law. All other requests for or releases of information concerning a donor or a

prospective donor will be granted only if permission is first obtained from the donor.

- 3.2. The UH System will not accept gifts or participate in gift planning activities if there is a question as to whether the donor has sufficient title to the assets or whether the donor is mentally competent to transfer the property legally.
- 3.3. The UH System will not pay a fee to any person as consideration for directing a gift by a donor to the System. Payment of this kind raises legal and ethical issues and the payment of such may subject the UH System and its management and Board to federal and state securities regulations.
- 3.4. The UH System does not provide personal, legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly urged to seek the assistance of their own professional advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The UH System follows guidelines and rules published by the IRS and the [Council for Advancement and Support of Education \(CASE\)](#). CASE is a nationally recognized organization that establishes reporting and valuation standards for gifts.
- 3.5. Gifts restricted for specific programs and purposes may be accepted, provided they are consistent with the UH System's mission, purpose, and priorities. The UH System will not accept gifts that are inconsistent with its mission, purposes or priorities, are too difficult or costly to administer, or otherwise may be inadvisable.
- 3.6. All gifts must comply with applicable UH System policies for agreements documenting the gift and, if an endowed gift, the establishment of endowment accounts.
- 3.7. Gifts from foreign sources are subject to disclosure requirements in accordance with federal and state laws.

4. DELEGATION OF AUTHORITY

- 4.1. In accordance with [Board Policy 32.04](#), the Board delegates to the Chancellor the final authority to accept gifts other than those that result in the naming of a facility, college, school, program, institute or center.
- 4.2. The Vice Chancellor for University Advancement will appoint a Gift Acceptance Committee to review and make recommendations on the acceptance of gifts-in-kind as set forth in Section 5 below.
- 4.3. All In-kind gifts shall be submitted for review with any applicable documentation noted below to the Executive Director, Corporate and Foundation Relations

before the gift is accepted and before any gift documents are executed by the University.

Before an in-kind gift is accepted, the required documentation must be submitted for review and approval to the Executive Director, Corporate and Foundation Relations. These include:

- A. The completed [University of Houston Corporate Gift-In-Kind Acceptance Form](#);
 - B. Any description of the property, appraisal or other information provided by the Donor;
 - C. A completed [IRS Form 8283: Noncash Charitable Contributions](#) from the Donor. If the donor cannot obtain [IRS Form 8283](#), one can be provided by Gift Processing and Records or the Office of Corporate and Foundation Relations;
 - D. A qualified independent appraisal from any corporate donor making an in-kind gift valued at \$5,000 or more. This documentation should include the value and should clearly express the company's intent to donate the item(s) to UH; and
 - E. Any gift agreement, gift acknowledgment or other documentation provided by the Donor.
- 4.4. The Executive Director, Corporate and Foundation Relations shall maintain a record of corporate in-kind gifts considered for acceptance, including a document outlining the review and recommendation for acceptance or decline. Gifts that do not meet the criteria for acceptance may be declined. The UH System, through the Office of University Advancement, shall promptly communicate the decision to decline the gift to the donor or his designated agent.
- 4.5. The Executive Director, Corporate and Foundation Relations may submit in-kind gifts to the Gift Acceptance Committee to review and assess whether acceptance of the gift is warranted.
5. GIFT ACCEPTANCE COMMITTEE
- 5.1. The Gift Acceptance Committee will review and make recommendations on certain types of in-kind gifts, including gifts valued at more than \$500,000, gifts of intellectual property, donated services, shares of limited partnerships/entities and other gifts referred to the Committee by the Executive Director, Corporate and Foundation Relations.
 - 5.2. The Vice Chancellor of University Advancement will appoint the members of the Gift Acceptance Committee.

- A. The members of the Gift Acceptance Committee shall include:
- The System’s Chief Development Officer or designee
 - Chief Advancement Services Officer or designee
 - Chief Gift Planning Officer
 - General Counsel or designee
 - System Treasurer or designee
 - Director of the System Office of Real Estate Services or designee
 - Division of Research designee, and
 - Other System employees appointed by the Vice Chancellor for University Advancement.

B. The Gift Acceptance Committee will consult with the UH System’s internal resources in reviewing particular in-kind gifts as set out below:

Type of Gift	Resource
Intellectual Property	Vice Chancellor/Vice President for Research and Technology Transfer, Vice Chancellor for Legal Affairs, Senior Vice Chancellor for Administration and Finance
Donated Services	System Office of Facilities, Planning and Construction, Senior Vice Chancellor for Administration and Finance, Representative from System Office of Risk Management, if applicable
Research Services	Vice Chancellor/Vice President for Research and Technology Transfer, Senior Vice Chancellor for Administration and Finance
Shares of Limited Partnerships/Entities	Senior Vice Chancellor for Administration and Finance, Vice Chancellor for Legal Affairs, Tax Director, Office of Finance
Gifts that may have a tax impact to the University or System	Tax Director, Office of Finance
Various	External resources as needed

- 5.3. The Gift Acceptance Committee shall seek the advice and/or approval of the Vice Chancellor for Legal Affairs for the following:
- A. Gifts of patents and other intellectual property;
 - B. Gifts involving contracts or other documents requiring the UH System to assume a legal obligation;
 - C. Transactions with potential conflict of interest that may invoke IRS sanctions; or
 - D. Other instances in which use of legal counsel is deemed appropriate by the Gift Acceptance Committee.
- 5.4. The Chief Gift Planning Officer shall serve as Chair of the Gift Acceptance Committee. The Chair shall be responsible for preparing a written memo outlining the details of the proposed gift and addressing the criteria identified for review of the gift as set out in Section 6 below, as well as a recommendation to the Committee. The Committee shall then meet as quickly as possible by telephone or in person to review the recommendation and provide a prompt response to proffered gifts. The Committee's final recommendation will be documented.
- 5.5. The Chair of the Gift Acceptance Committee shall submit all recommendations to the Chancellor or the Chancellor's designee for approval. The Chancellor or its designee shall report its decisions on gift acceptance to the UH System Board of Regents as required or as requested by the Board. To the extent the Board of Regents or further governmental approval is required to accept a specific gift; such approval shall be sought as expeditiously as possible. See, e.g., Board of Regent Policies [32.03](#) and [32.04](#); Texas Higher Education Coordinating Board Rules 17.10 and 17.11 ([19 TAC 17.10](#), [19 TAC 17.11](#)).
- 5.6. The Gift Acceptance Committee shall maintain a record of gifts considered by the Committee, including a document outlining its review and recommendation for acceptance or decline. The records shall be maintained in the Office of Gift Planning.
- 5.7. Gifts that do not meet the criteria for acceptance may be declined. The UH System, through the Office of University Advancement, shall promptly communicate the decision to decline the gift to the donor or his designated agent.
6. STANDARDS GOVERNING ACCEPTANCE OF GIFTS-IN-KIND
- 6.1. Equipment and Hardware
- A. Equipment or computer hardware such as new, used or surplus mechanical tools, laboratory or scientific devices, or computer hardware may be

accepted, provided that there is reason to believe it has a value directly related to the UH System's academic mission.

- B. In assessing the acceptability of gifts of equipment, the following should be considered:
 - 1. Usefulness to the UH System and its academic/research mission;
 - 2. Ability to take good title to the equipment;
 - 3. Any restrictions on the equipment's use, display, or sale;
 - 4. Condition of the equipment, including durability, operability, and range of function;
 - 5. Safety of the equipment, including the potential for environmental, biological, chemical, or other safety hazards that may result in loss or injury to personnel or damage to component university property;
 - 6. Existing warranties or guarantees for the functionality of the equipment;
 - 7. Carrying costs associated with accepting the equipment, including storage, maintenance, or repair; and
 - 8. Whether the gift entails constructing improvements on or renovating real property or buildings.

6.2. Supplies

- A. Donated supplies may include scientific or laboratory supplies, expendable equipment, classroom or office supplies or other consumable materials that are utilized in facilitating the UH System's academic mission.
- B. In assessing the acceptability of contributions of supplies, the following should be considered:
 - 1. Usefulness to the UH System and its academic mission;
 - 2. Risk associated with transporting or storing the supplies, including safety implications and appropriate storage availability;
 - 3. Lifecycle of the supplies, including projected expirations as appropriate;
 - 4. Carrying costs associated with accepting the supplies, including insurance, storage, and maintenance or repair; and

5. Whether the gift entails constructing improvements on or renovating real property or buildings.

6.3. Software

- A. The UH System may accept contributions of software and software licenses that further the institution's academic mission, including commercial software products, industry software unique to specific professional fields, or productivity software.
- B. Donations of software licenses are not recognized by the IRS as tax deductible donations. Nor are they reported in gift reporting. They are, however, included in extramural reporting. A donor must transfer ownership of the product, irrevocably, to the UH System in order to be considered a gift. Software licenses (i.e., right to use) are only a partial interest in property, as defined by the IRS, and therefore no transfer of ownership takes place.
- C. In assessing the acceptability of contributions of software, the following should be considered:
 1. Usefulness to the UH System and its academic mission;
 2. Educational discount value, as available. If no educational discount value is available, the donor must state so in writing, and the established retail value will be used. If no retail value is available, no amount can be recorded until such a value is determined, such as by a qualified, independent appraiser.
 3. Availability of hardware to operate the donated software; and
 4. Maintenance or other support provided by the vendor to ensure updates are made to the software as appropriate.

6.4. Services

- A. The UH System shall not accept the value of a person's or organization's time or service as a charitable contribution, regardless of whether the individual assists as a volunteer or as a professional.
- B. The UH System does not encourage gifts-in-kind of construction/maintenance services, materials, or supplies, or of fixed equipment where such gifts entail construction of improvements or renovations on or to real property or buildings. Any proposals for such gifts must be carefully reviewed and approved in writing by Plant Operations, UH Purchasing, General Counsel, Risk Management, and Advancement before such gifts are accepted, and before the commencement of any construction or renovations involving such services or materials. Such review shall include assessment of costs, potential

risks, and insurance obligations relating to the gift as part of those departments' initial due diligence. All such services or materials must be the subject of an appropriate agreement approved by Advancement, Plant Operations, and General Counsel. Donors of such gifts-in-kind should be encouraged to seek advice from their tax advisor regarding the tax deductibility of such gifts.

6.5. Intellectual Property

- A. The UH System may accept donations of intellectual property that further the institution's educational mission. Intellectual property may include patents, specific copyrights, trademarks, specific software, or artwork and musical compositions.
- B. Donors of intellectual property must notify the UH System in writing that they intend to treat the donation as a qualified intellectual property donation.
- C. The Gift Acceptance Committee shall consider the following factors in its review of gifts of intellectual property:
 - 1. Usefulness to the UH System and its academic mission;
 - 2. Ability to take good title to the property;
 - 3. Potential for UH System faculty to conduct further research utilizing the intellectual property;
 - 4. Relevance to the UH System's existing intellectual property portfolio;
 - 5. Opportunity for licensing or technology transfer; and
 - 6. Revenue potential.

6.6. Shares of Limited Partnerships/Entities

- A. The UH System may accept gifts of shares of limited partnership/entities.
- B. The Gift Acceptance Committee shall consider the following factors in its review of gifts of shares of limited partnerships/entities:
 - 1. Potential to generate unrelated business taxable income;
 - 2. Potential to be subject to a call for additional finances;
 - 3. Possible exposure for the UH System to any kind of future liability;

- 4. Whether the gift office has advised the donor to check with his or her advisors about the tax consequences to the donor on contribution of the asset; and
- 5. Cost associated with the gift acceptance process.

6.7. Reporting the Value of Gifts-In-Kind

- A. Tangible items with fair market values of more than \$5,000 are counted at the values placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions.
- B. Tangible items with the fair market value of \$5,000 and less are reported at the value declared by the company or a qualified expert on the faculty or staff of the institution. A value could also be determined by a third party vendor.
- C. Gifts of materials or long-lived assets that serve the purpose of the System are reported at the fair market value.
- D. Items such as equipment are reported at the educational discount value, such as the value the system would have paid had it purchased the items outright from the vendor.

7. REVIEW AND RESPONSIBILITY

Responsible Parties: Vice Chancellor for University Advancement
Senior Associate Vice Chancellor for Finance

Review: Every three years on or before January 15

8. APPROVAL

Approved: Eloise D. Stuhr
Vice Chancellor for University Advancement

Renu Khator
Chancellor

Date: June 20, 2016

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	06/20/2016	Initial edition