



Gift Acceptance and Fund-Raising Policies and Procedures

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Trevecca Nazarene University
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Trevecca Nazarene University Gift Acceptance and Fund-Raising Policies and Procedures

Policy Statement

Trevecca Nazarene University depends on the generous support of alumni and friends for advancing and sustaining its mission. The University will actively solicit and accept gifts that enable it to fulfill the University's mission of providing education for leadership and service. The University President has ultimate responsibility for all fund raising strategies and activities. The President directs the work of the Vice President for University Engagement.

As a 501 (c) 3 tax-exempt organization, the University follows the IRS regulations for charitable contributions, including what can be deducted, issuance of gift receipts, and record keeping. Details of these regulations can be found in IRS Publications 526, 561 and 1771.

The University is dedicated to the highest standards of ethical conduct in its fund raising practices. (See Donor Bill of Rights in Appendix.)

Donor Confidentiality

All financial and historical records of the University will be kept secure by the Office of University Engagement and will be maintained in the strictest confidence.

Acceptance and Use of Gifts

Gifts to the University will be accepted for unrestricted use or for any of the many special funds, scholarships, and programs that have been established to support the University's mission. Gifts that are donated to the University without restrictions will be credited to the Trevecca Annual Fund. New funds or projects may be created in consultation with the Vice President for University Engagement to ensure they fit within the University mission and policies. All gifts will be used in the stated purpose for which they were given and accepted.

Restrictions on Gift Acceptance

The Internal Revenue Service specifically prohibits the University from accepting gifts that are designated to benefit specific individuals. A gift that benefits a specific individual is not tax-deductible, and acceptance of such a gift could jeopardize the University's tax-exempt status. Therefore, any fund that is created at the University must be structured in such a way that no specific student is the designated recipient of the proceeds. Assistance may be provided to a specific student directly through the Office of Financial Aid. Financial assistance to a specific student is not a charitable gift and therefore, will not be acknowledged with a gift receipt by the Office of the University Engagement.

The University will not accept gifts that involve unlawful discrimination based upon race, sex, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws and regulations, nor will the University accept gifts that obligate it to violate any other applicable law or regulation, or that violate the University's certificate of incorporation or bylaws. Further, the University will not accept any gift which is inconsistent with the mission and priorities of the institution.

The University values and will protect the integrity and independence of the organization and the academic freedom of the University community. Gifts that may expose the University to adverse publicity, require expenditures beyond the university's resources, or involve the University in unexpected responsibilities because of the gift's source, conditions, or purposes will be referred to the Vice President for University Engagement for review. Pending review, the Vice President for University Engagement may defer or deny acceptance of the gift.

Gift Receipting and Acknowledgement

Once a gift is received and processed by the University, an acknowledgement and gift receipt will be mailed to the donor within 10 days of processing. If a donor has payroll deduction or automatic monthly bank draft, an annual summary of contributions will be mailed by January 31 of each year. An annual contribution summary will also be provided to any donor upon request.

Endowments

The University may approve the establishment of special purpose endowment funds upon receipt of gifts or commitments that meet the approved funding levels and criteria established for the endowment. There are several types of endowments. The most commonly accepted are:

Endowed Chair

A fully endowed academic chair may be established with total commitments of \$1 million.

Fellowship

A fellowship may be established with a minimum commitment of \$20,000. The commitment typically would be paid within a three-year period or secured with a written estate commitment.

Scholarship

An endowed scholarship may be established with a minimum commitment of \$20,000. The commitment typically would be paid within a three-year period or secured with a written estate commitment.

Others

The University will work with prospective donors on the terms and conditions of other endowment funds provided they support traditional academic activities or functions. An endowment may be established with a minimum commitment of \$20,000. The commitment typically would be paid within a three-year period or secured with a written estate commitment.

In all cases, the establishment of any endowment fund requires the approval of the University President. Any exceptions to the above guidelines must be approved by the Vice President for University Engagement.

Naming Gifts

The Office of University Engagement maintains a master list of all existing naming opportunities. The naming of any building or part thereof must be approved by the University President and the Vice President for University Engagement. When naming a building, a donor will generally be required to provide fifty percent of the building or renovation cost. The naming of an existing school will generally require a \$5 million gift commitment. The President and Vice President for University Engagement reserve the right to approve or disapprove any naming, in serving the best interests of the University.

Gift Types

Cash Gifts

The most frequent method used to make a gift to the University is a check. Checks should be made payable to Trevecca Nazarene University and mailed or delivered to:

Trevecca Nazarene University
Attn: Office of University Engagement
333 Murfreesboro Pike
Nashville, TN 37210

If giving cash, donors must provide name and address with the gift for proper acknowledgement and receipting.

Credit Card Gifts

Gifts made by credit card are considered cash gifts. Currently, the University accepts gifts made on MasterCard, Visa, American Express or Discover. Donors may use the University secure website www.trevecca.edu/give or call the Office of University Engagement to provide the information at (615) 248-1413.

Bank Draft

Gifts may be made by an electronic funds transfer from a bank. To request a one-time or monthly bank draft, donors should contact the Office of University Engagement at (615) 248-1413.

Payroll Deduction

University employees may make donations through a deduction from their paycheck. The payroll deduction form can be found on the “myTNU” SharePoint site.

Gifts of Securities

Publicly-traded securities, shares of stock in closely-held companies, bonds, and government issues may be given to the University. The value of a gift of securities will be determined as noted below:

Publicly-Traded Securities

These are securities regularly traded on a public stock exchange. The fair market value of the gift will be the mean of the highest and lowest selling prices quoted for the security on the day of the gift. It is the University’s policy to convert donated securities to cash as soon as possible.

Closely-Held Securities

These are shares of securities in entities which have been organized for profit-making purposes, and are rarely traded on stock exchanges. Donors may give shares of closely-held corporate securities to the University in the same manner as publicly-traded securities.

The value of closely-held securities in excess of \$10,000 may be valued at the per share cash purchase price of the most recent transaction. Normally, this transaction will be the redemption value of the stock by the corporation. It is the University’s policy to convert donated closely-held securities to cash. While it is permissible for the donor or donor’s company to purchase the securities at a fair market value, there can be no redemption agreement, either formal or implied, prior to the gift.

To ensure that donors of closely-held securities receive the tax benefit of such a gift and that both the donor and the University comply with applicable IRS regulations, special handling is required. Gifts of closely-held securities may only be accepted by the Vice

President for University Engagement in consultation with the Executive Vice President of Finance and Administration.

Methods of Delivery and Effective Date of Transfer

Electronic Transfer

If securities are electronically transferred from a donor's brokerage account to an account held in the name of the University, then the value of the gift will be its fair market value on the date on which the securities are transferred to the University account. Donors may contact the Office of University Engagement to obtain transfer instructions which they will then give to their broker along with a letter of instruction regarding specific securities to be transferred. A copy of the letter of instruction should be sent to the University in order that the donor may be properly receipted.

Hand Delivery

If securities are hand delivered to the University, the value of the gift will be the mean of its fair market value on the date of delivery. Donors should endorse stock certificates only upon delivery to the University. For securities that are hand delivered, the gift date is the date the securities are delivered to the University, except in the case where ownership of the securities are transferred by a transfer agent and a new certificate is issued in the name of the University. In this case, the date of the gift will be the transfer date indicated on the newly issued certificate.

Mailing

If the securities are mailed to the University, the value of the gift will be its fair market value on the date the securities were postmarked except in the case of securities transferred via a transfer agent as described above. Donors should obtain a stock power, signing it exactly as it appears on the certificates, and have their signature guaranteed by their banker or broker. The stock power and the letter of instruction should be mailed to the University under separate cover from the stock certificates. The University should be designated on the stock certificates, stock power, or related instruments of transfer as Trevecca Nazarene University. The stock certificates should be sent by registered mail, return receipt upon requested, to the University. Unendorsed stock certificates are non-negotiable. The postmark date on the stock power will be used as the gift date when the stock certificate and stock power are mailed under separate covers.

Corporate Matching Gifts

All matching gifts received by the University as the result of an employee contribution will be directed to the operating fund for the University, unless specified otherwise by the donor or the contributing corporation. When submitting a gift that will be matched by a corporation, the donor must provide a matching gift form and/or other required company paperwork or electronic confirmation. The University will follow the procedures and restrictions for requesting a corporate matching gift as outlined by each company's guidelines. Only gifts directly from the donor eligible for a corporate matching gift are accepted for processing.

Non-Traditional Investments

The University may accept gifts of non-traditional investments, such as partnership interests, after a thorough review of the following factors:

- Marketability
- Nature of any applicable restrictions
- Legal and other liabilities associated with the asset
- Carrying costs such as administrative and legal fees
- Exposure to unrelated business income tax liability

The final decision of acceptance will be by the Vice President for University Engagement in consultation with the Executive Vice President of Finance and Administration.

Real Estate

The University may accept gifts of real estate, including houses, condominiums, commercial properties, farm land, rental property and undeveloped land, after a thorough review of the following factors:

- The usefulness of the property for University purposes
- The marketability of the property
- The existence of restrictions, reservations, easements, and/or other limitations
- The existence of encumbrances, such as mortgages and mechanics liens
- Carrying costs, such as property owner's association dues, taxes, insurance, and other maintenance expenses
- Fair market value in relation to the costs and limits listed above as determined by a qualified appraisal conducted in accordance with Internal Revenue Service standards. Expenses incurred obtaining an appraisal and a level one environmental audit will be the responsibility of the donor, unless special circumstances exist that make it appropriate for the University to share the cost. Any appraisal or environmental audit cost incurred by the University must be approved by the Vice President for University Engagement in consultation with the Executive Vice President for Finance and Administration.

Prior to the acceptance of any parcel of real property, an assessment of the potential environmental risks will be conducted. This assessment shall include the following:

- An inquiry of the present owner regarding knowledge of the history of the property
- A title search to determine who the prior owners might have been
- A consultation with federal, state, and local environmental agencies to identify any history of hazardous waste contamination
- A visual inspection of the property for any evidence of environmental hazards
- A level one environmental audit of the property unless a more extensive environmental audit is indicated.

Highly marketable real estate may be given for planned gift instruments such as annuities or trusts. Charitable Gift Annuity payments, if applicable, will be based on the net value of the property following a careful evaluation of all costs incurred in accepting the gift including but not limited to costs incurred for appraisals, title searches, environmental audits, sales commissions or other costs.

An environmental audit conducted by a professional service may also be required. The decision to accept gifts of real estate requires the joint approval of the University's Vice President for University Engagement and Executive Vice President for Finance and Administration.

Tangible Personal Property

The University may accept gifts of tangible personal property, including works of art, jewelry, music royalties, antiques, coins, stamps or other collections, automobiles, manuscripts, and books. Such gifts may be accepted only after a thorough review indicates the property is readily marketable or may be used in a manner consistent with the University's mission. The University reserves the right to sell or otherwise dispose of the personal property in question, if such action is financially advisable or necessary. In order that a donor may make appropriate provisions on his or her tax return, the University will advise the donor of its intention to sell the property.

For goods-in-kind donations with a fair value of less than \$500, donors must furnish the University with the following information:

- Donor's name, address, and telephone number
- Contact person, if the donor is a corporation
- Donor's social security number or federal tax identification number
- Brief physical description of the donated asset, including an explanation of the method used to determine the fair market value
- Date the University acquired the asset and method of acquisition

For goods-in-kind donations with a fair market value between \$500 and \$5,000, donors must furnish the University with the following information in addition to those listed above:

- Appraisal of the donated asset by a qualified party no more than 60 days prior to the date of the contribution

For goods-in-kind with a fair market value over \$5,000, donors must furnish the University with the following in addition to information required for \$500 goods-in-kind donations:

- An independent evaluation from a qualified appraiser that meets reporting requirements for IRS Form 8283, "Non-Cash Charitable Contributions Appraisal Summary."

Appraisals

All appraisals of real and personal property contributed to the University shall be done in accordance with IRS Publication 561. Expenses incurred obtaining an appraisal will be the responsibility of the donor, unless special circumstances exist that make it appropriate for the University to share the cost. Any appraisal cost incurred by the University must be approved by the Vice President for University Engagement in consultation with the Executive Vice President for Finance and Administration.

Planned Gifts

Planned gifts, either deferred or given outright, involve the transfer of substantial assets that significantly impact the donor's estate and final plans. These gifts often do not immediately confer institutional ownership and generally are not taken from the donor's current earnings. The acceptable methods of creating deferred gifts to the University are described below.

Gifts by Will or Revocable Trust

Gifts made by will or revocable living trust are completed only at the death of the donor and/or a surviving beneficiary. These gifts may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property or a percentage of the residue of the estate.

Among donors' options are residuary and contingent bequests. A residuary bequest will give the University all or a portion of the estate after all debts, taxes, expenses, and all other bequests have been paid. A contingent bequest will ensure that, despite unforeseen circumstances, specified property will pass to the University rather than unintended beneficiaries.

Donors may also direct income to be paid to survivors before the assets come to the University. The bequest can be used to establish a charitable remainder annuity trust or charitable remainder unitrust. If such a gift is made by will, the principal will pass to the University only after the death of the life income beneficiary.

Gifts may be made to the University on behalf of the University through the execution of a new will or living trust or through a codicil or amendment to an existing document. Donors may also add either a residual or contingent codicil to their wills.

Because they are subject to change, gift commitments by will or revocable living trust do not generate current tax deductions for the donor nor are they counted as current gift revenue for the University. However, donors are encouraged to advise the University of these provisions to assist the University in its future planning. All such notifications are held in strictest confidence, unless the donor gives express written permission for their plans to be made public.

Charitable Remainder Trusts

Charitable remainder trusts are irrevocable arrangements that pay income to the donor and/or other beneficiaries for the life or a term of years. The University will accept gifts valued at \$25,000 or more to either charitable remainder unitrusts or charitable remainder annuity trusts. In instances where accepting gifts of a smaller amount may be advantageous to the University, the Vice President for University Engagement may waive the minimum gift requirement.

Assets other than cash require prior approval of the Vice President for University Engagement and the Executive Vice President for Finance and Administration before acceptance.

Income paid to the non-charitable beneficiary(ies) must be a minimum of five percent of the value of the trust assets. With an annuity trust, the payment remains the same throughout the term of the trust and no additional contributions can be made. With a unitrust, the payment varies each year, as the trust assets are revalued annually. Additional contributions can be made to a unitrust.

While the rate of payment must be a minimum of five percent, the maximum rate is negotiated between the donor and the University. The rate selected must take into account the income needs of the donor, preservation of the trust assets for ultimate use by the University, and any IRS regulations regarding payments.

The University will not pay a finder's fee or commission to any third party in order to secure a charitable remainder trust, with the exception of standard commissions on the sale of real property, securities, or similar payments necessary to the operation of the trust.

Charitable Lead Trust

A charitable lead trust provides immediate support for the University through income generated by the assets in trust for a set period of time, after which the assets pass to a non-charitable beneficiary such as the donor, the donor's children, or other persons the donor specifies. Thus, a charitable lead trust is conceptually the opposite of a charitable remainder trust. In a lead trust, the donor gives the University the current economic benefits of the transferred assets and retains the right to reacquire possession and control of the assets at a future date.

The donor during his or her lifetime creates an irrevocable trust agreement for a period of ten years or more. The agreement may take effect during the donor's lifetime or be part of the donor's will. Assets are transferred to a trustee, with the stipulation that the income from the assets will be paid to the University for the life of the trust, after which the principal or corpus of the trust reverts back to the donor or others of his or her choosing.

A lead trust may be advantageous for donors who have a larger income than they currently need and who desire to transfer assets to heirs at a reduced cost.

Trustee for Gifts in Trust

The University will serve as trustee of gifts that require the appointment of a fiduciary, provided that the University is named as remainder beneficiary of a substantial portion of the assets. Trustees' fees will be assessed by the University according to a published fee schedule. If the donor chooses, he or she may also designate a trustee other than the University or, when permitted by law, the donor may serve as trustee.

Gifts of Life Insurance

Life insurance can be the medium for giving funds to the University. With it, the donor can make a substantial gift for a relatively modest annual outlay. For instance, a donor may irrevocably assign to the University an existing life insurance policy that is no longer needed for family protection, making the University both the policy owner and the beneficiary. Premium payments made by a donor for a policy for which the University is both the owner and beneficiary are tax deductible to the donor. If the donor does not choose to continue paying the premiums, the University may elect to:

- Continue paying the premiums and receive the full face value of the policy at the donor's death;
- Convert the policy to paid-up insurance in a reduced amount with no further payments; or
- Surrender the policy for its present cash value.

It is also possible for the donor to purchase a new life insurance policy for gift purposes. Once again the University must be named both owner and beneficiary of the policy. In this case, however, the donor will make annual tax-deductible gifts to the University in the amount of the premium due on the policy. The University, in turn, will pay the premium to the company. Donors are strongly encouraged to select premium payment schedules that will allow a build-up of excess cash with the policy so that earnings on the cash and policy dividends will be sufficient to pay the premiums after five to seven years. If a donor stops making premium gifts before the policy is self-supporting, the University will have the options outlined above in regard to the policy.

Before contributing gifts of life insurance to the University, donors should consult with the University's Engagement Officer for Legacy Giving.

Gift of a Remainder Interest in a Personal Residence or Farm

A donor can give a remainder interest trust in a personal residence, such as a home or condominium, or a farm to the University. The donor or other occupants may continue to occupy the residence or operate the farm without disruption for the duration of the donor's life. Thereafter, the residence or farm will either be sold or used by the University for purposes specified by the donor, if any. The procedures for evaluating proposed gifts of real property, as outlined above, also apply to gifts of a remainder interest in property.

If a life estate is retained in the property, expenses for maintenance, real estate taxes, and any indebtedness relating to the property are to be borne by the beneficiary of the life estate.

Charitable Gift Annuity

The charitable gift annuity is an arrangement in which the University pays the donor (and a surviving beneficiary, if desired) a fixed annual income for life. Because it is a contract rather than a trust, all assets of the University stand behind the commitment to make the payments to the income beneficiaries.

An initial annuity contract will be issued for a minimum gift of \$10,000. Additional contracts with the same donor(s) may be issued for \$5,000 or more. A charitable gift annuity may be established with cash or marketable securities. Use of other assets to fund a gift annuity requires approval of the Vice President for University Engagement.

The minimum age of a beneficiary of an immediate payment gift annuity is 50 years. A deferred payment gift annuity will be issued to a beneficiary age 40 or more. A maximum of two income beneficiaries may be included on a gift annuity contract. The receipt of income from a deferred gift annuity may be deferred for a period of no more than 20 years.

The rate of payment from a gift annuity shall be that which is fixed from time to time by the Council on Gift Annuities. However, the CGA recommendation notwithstanding, the rate of payment shall not exceed the three-year moving average yield on U.S. Treasury notes with a maturity that matches the life expectancy of the annuitant rounded to the nearest five-year increment, or as otherwise fixed by applicable University policy.

Donor Bill of Rights

As donors to Trevecca Nazarene University, you have the following rights:

- To be informed of Trevecca's mission, of the way the University intends to use donated resources, and of the capacity to use donations effectively for their intended purpose.
- To be informed of the identity of the Board of Trustees and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
- To have access to the University's recent financial statements.
- To be assured your gifts were used for the purposes they were intended.
- To receive appropriate acknowledgement and recognition.
- To be assured that information about your donation is handled with respect and with confidentiality to the extent provided by law.
- To expect that all relationships with individuals representing Trevecca will be professional in nature.
- To be informed whether solicitors of donations are volunteers or employees of Trevecca.
- To have the opportunity for your name to be deleted from any or all mailing lists.
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Based on *Donor Bill of Rights* developed by the Association for Fundraising Professionals consortium.